THE MARKETING OF LIVE STOCK IN CANADA.

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By H.J.E. Abbott.

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PART I

FROM CONFEDERATION TO 1918.

CHAPTER I

THE GROWTH OF EXPORT MARKETS, 1877-1892.

1. The Development Of an Overseas Export Trade.
2. The United States Market.

DEVELOPMENT OF AN OVERSEAS EXPORT TRADE

The growth of an export trade in cattle from Canada to Great Britain reflects the main commercial movement of the last thirty years of the nineteenth century. The development of organized railway systems making possible cheap movement of bulky commodities from continental interiors to the coast, and intense competition and consequent rate-cutting in ocean shipping during the late 'seventies and early 'eighties, brought areas of cheap agricultural production and the great European centres of consumption into close touch. The Canadian cattle export trade owes its inception to these new economic conditions. At the same time the development of railways in the American West seriously impaired the market for Canadian feeder cattle in New York State which until 1875 was the only outlet for the surplus livestock from Ontario farms, just as the surplus cattle of the Prairie Provinces were chiefly marketed as feeders in the American corn-belt states from 1913 - 1921 when cattle were on the United States free list. It is fair to assume then that this competition in the American market, which is indicated by the rapid falling off of exports to the United States in the period 1872 - 1884, was an added incentive to Canadian producers and dealers to seek an overseas market for their product, in the same way that the partial closing of the United States market by the Fordney tariff has directed the attention of Canadian cattlemen to the British market since 1921.

1. From the beginning of the trade Canadian cattle possessed an advantage over United States cattle in the British market through the permission obtained by the Canadian Government in April 1878 for free entry of Canadian cattle into Great

1. Hansard Sess.1878 Vol.II p.2000.

Britain when the Imperial Government ordered United States cattle slaughtered at the port of landing within ten days of their arrival. This concession permitted Canadian cattle to compete with Irish and home-grown cattle as far as their quality allowed, not only at the ports of landing but on the interior markets of Great Britain. It made it possible for dealers to hold their cattle for a favourable market if heavy shipments had temporarily depressed prices, and enabled them to sell as store cattle, or to rest and feed for short periods before slaughtering, those shipments which arrived in poor condition from the hardships of the voyage. The privilege was only confirmed, however, after Canadian regulations controlling the importation and transit of animals had been approved by the Imperial Government, 17th October, 1878.[2.]

2. Sessional paper Vol.XIII No.7 S.P.No.9 p.VII

An outbreak of pleuro-pneumonia in United States herds caused the Imperial authorities to prohibit U.S. cattle from landing in Great Britain, 6th December, 1878.[2.] To retain the privilege of free entry, the Canadian Government prohibited importation or transit through Canada of American cattle. Thus Canadian cattle during 1879, while the British prohibition[2] was maintained, were freed of competition from American cattle. The number exported rose 200%, and the trade was established on a firm footing. The chief handicap which impeded the development of the trade was the poor quality of the Canadian herds.[3.] Many of the cattle shipped in 1879 were marketable only because American exports were cut off.

3. Sess.Pap. Vol.XIV NO.7. S.P. No.12.p.118. Report of Vet.Dir. General.

[4.] Nevertheless, Dr. McEachran, Veterinary Director General of the Dominion, in his report to the Minister of Agriculture for 1879, observed that the high prices obtaining in the British market compared to the low returns on cattle sold in the United States had greatly stimulated cattle production in Ontario.

4. Sess.Pap. Vol.XIII No.7. S.P.No.10 p.98 et reg.

5. During the shipping season of 1880 the first difficulties were encountered in respect of ocean freight rates. A shippers' ring at Montreal tried to corner the space on the regular line ships from that port. They bid up the rates to £6 a head compared to £2. 10s from Boston with the result that 17,955 Canadian cattle were shipped through United States ports.

5. Sessional Paper Vol XV No.7. S.P. No.11. p.129, Vii.

In spite of these drawbacks the trade developed rapidly. The returns show a steady growth from 20,587 head valued at $1,577,211, in 1879, to 101,426 head valued at $7,481,613 in 1892.

6. In 1885 a member of Parliament stated that the right of free entry to Great Britain added from $15 to $30 per head to the value of Canadian cattle.

6. Hansard Session 1884. Vol.II p. 1011.

7. Until 1888 the reports of the Veterinary Director General indicate that Canadian shippers found it more profitable to ship fat cattle in spite of their inferior quality, than to enter into competition with the Irish cattle in the store cattle market. In 1888, however, a strong trade developed with Aberdeen and the Norfolk graziers in Canadian store cattle, due to the improved feeding qualities of our cattle brought about by the introduction of pure bred beef cattle to Canadian herds. It continued until 1892 when it was cut short by the scheduling of Canadian cattle by the Imperial authorities.

7. Sess.Pap. Vol XX No.10. S.P. No.12. p.209. Vol XXII No.5, S.P. No.5, p.171.

The growth of the British trade was accompanied during this period by a rapid expansion of the live stock industry in Canada. 8. In many sections of Ontario and Manitoba farmers applied themselves to raising and feeding stock for export. In Ontario much capital was invested in cattle barns and equipment for preparing fat cattle and heavy stores for the British market.

8. Hansard Sess.1894 Vol.I p.1804.

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Sess.Pap.
Vol.XVIII
No.5,
S.P.No.8.
p. ix.

9.
Vol.XXI
No.4,S.P.No.4,
p.ix.

1.
Vol.XXII
No.5,
S.P. No.5.
p. X.

Following the construction of the Canadian Pacific, 10.
large ranches were established in Alberta. The first
shipment from these ranches to Great Britain took place in
11.
1887. The following year 4500 head were shipped. On
account of the long haul, marketing of Alberta cattle in
England was profitable only when they consisted of first
class stock carefully selected and shipped in large numbers.

While sufficient information is not available to form a final judgment on the condition of the live stock industry in this period, the facts presented, together with the strong tone of optimism which pervades the reports and speeches of the time, warrant the belief that the steady, favourable market in Great Britain had encouraged a development of live stock production in Canada along sound lines, which, had it not been arrested by the obstacles encountered later, would have enabled Canadian stock raisers to place a product of good breeding and superior finish on any market to bring a profitable return. The essentials of marketing quality are good breeding and scientific grain finishing, and the indications are that Canadian farmers were beginning to learn their lesson in catering to the British market.

NUMBER VALUE, AND PRICE PER HEAD OF TOTAL CATTLE EXPORTED FROM CANADA TO GREAT BRITAIN AND TO U.S.A. 1867 - 1921

By Fiscal Years

Year	Total Number	Total Value	Total Price	To Great Britain. Number	To Great Britain. Value	To Great Britain. Price	To U.S.A. Number	To U.S.A. Value	To U.S.A. Price
1867	47,899	$1,190,000	$24.86						
1868	44,442	1,099,940	24.75						
1869	65,251	1,427,761	21.88						
1870	107,731	3,006,878	27.91						
1871	79,611	2,278,484	28.62						
1872	22,423	630,428	28.01						
1873	25,637	655,594	25.57						
1874	39,623	951,269	24.00						
1875	38,968	823,522	21.13						
1876	25,357	601,148	23.71						
1877	22,656	715,750	31.59	4,007	$ 315,230	$78.66	13,851	$ 265,317	$19.15
1878	29,925	1,152,334	38.51	7,437	686,700	92.38	17,657	330,562	18.72
1879	46,569	2,096,696	45.02	20,587	1,571,211	76.32	21,316	402,799	18.90
1880	54,944	2,764,437	50.30	32,680	2,292,161	70.14	16,044	287,057	17.89
1881	62,277	3,464,871	55.65	49,409	3,157,009	63.89	7,323	154,831	21.14
1882	62,106	3,256,330	52.43	41,519	2,706,051	65.16	15,914	423,807	26.63
1883	66,396	3,898,028	58.68	37,898	3,209,176	84.40	23,280	516,585	22.19
1884	89,263	5,681,082	63.64	53,962	4,631,767	85.80	30,593	893,759	29.21
1885	143,003	7,377,777	51.58	69,446	5,752,248	82.83	67,758	1,411,642	20.83
1886	91,866	5,825,188	63.41	60,549	4,998,327	82.55	25,338	633,094	24.98
1887	116,274	6,486,718	55.79	63,622	5,344,375	84.00	45,765	887,756	19.61
1888	100,747	5,012,713	49.75	54,248	4,123,873	76.02	40,047	648,178	16.85
1889	102,919	5,708,128	55.46	60,000	4,992,161	83.20	37,360	488,266	13.12
1890	81,454	6,949,417	85.31	66,965	6,565,315	96.54	7,840	104,623	13.34
1891	117,761	8,772,499	74.59	107,689	8,425,396	78.24	2,763	26,975	9.76
1892	107,179	7,748,949	72.29	101,426	7,481,613	73.76	551	21,327	38.68
1893	107,224	7,745,083	72.23	99,904	7,402,208	74.09	402	11,032	27.44
1894	86,056	6,499,597	75.52	80,531	6,316,373	78.43	256	3,771	14.73
1895	95,802	7,120,823	74.33	85,863	6,797,615	79.16	982	19,216	19.54
1896	104,451	7,082,542	67.80	97,042	6,816,361	70.25	1,646	8,870	8.38
1897	161,369	7,159,388	44.31	120,063	6,454,313	54.76	35,998	509,138	14.15
1898	213,010	8,723,292	40.95	122,106	7,403,990	60.64	87,905	1,239,448	14.09
1899	211,841	8,522,835	40.23	115,476	7,127,430	61.58	92,830	1,298,170	13.98
1900	215,524	9,080,776	44.18	115,056	7,579,080	65.87	86,989	1,401,137	16.11
1901	169,279	9,064,562	53.55	119,050	8,028,476	67.44	46,244	891,340	19.27
1902	185,473	10,663,819	57.70	148,927	9,742,738	65.42	31,743	787,864	24.82
1903	176,780	11,342,632	63.26	161,170	10,842,438	67.28	13,032	292,288	28.02
1904	157,417	10,424,711	66.22	148,301	10,046,651	67.75	3,517	119,942	34.10
1905	167,102	11,360,969	67.99	159,078	11,047,167	69.38	3,696	152,084	41.15
1906	176,030	11,656,829	66.22	163,994	11,045,473	67.35	4,726	206,102	45.73
1907	162,141	10,932,539	67.47	149,340	10,200,137	68.75	8,184	478,765	58.50
1908	150,993	9,301,179	61.60	124,015	8,584,806	69.22	23,612	585,790	24.91
1909	162,945	10,771,366	66.10	143,661	10,115,793	70.42	16,130	543,456	33.69
1910	157,386	10,734,330	68.57	140,424	9,979,918	71.07	12,210	642,874	52.64
1911	124,923	8,537,473	68.34	113,795	7,942,144	69.80	7,576	465,079	61.38
1912	61,517	4,098,173	66.64	47,868	3,343,625	69.85	9,807	615,399	62.75
1913	44,296	2,237,135	50.50	12,069	913,954	75.64	28,268	1,116,923	39.51
1914	219,729	7,906,794	35.98	9,778	697,807	69.52	206,446	7,043,086	34.70
1915	185,903	9,267,534	49.85	------	-- ---- -	----	183,652	9,152,587	49.83
1916	241,560	12,625,760	52.27	752	105,120	139.78	227,184	11,149,794	49.08
1917	166,182	7,883,842	47.43	------	---------	-----	164,115	7,766,907	47.32
1918	191,356	14,136,944	73.88	------	---------	-----	189,226	13,991,158	73,94
1919	311,496	30,069,490	96.53	------	- --------	-----	308,562	29,862,668	96.78
1920	518,352	46,064,631	88.86	479	70,002	169.10	502,588	44,021,587	87.59
1921	297,853	22,099,553	74.20	131	19,350	147.71	295,279	21,848,888	73.99

(1) From Canadian Customs Returns in Sessional papers, 1867 - 1922.

2. THE UNITED STATES MARKET

The fall in the price of Canadian cattle on the American market continued until 1880 when it was $17.89 per head and the numbers exported fell to 7,323 head in 1881.[1] From 1879 to 1881 trade in Canadian cattle on the Buffalo yards was suspended because American buyers could not compete with overseas dealers while American cattle were excluded from Great Britain.

Sess.Pap. Vol.XV No.7, S.P.No.11. p.143.

In 1883 the United States Government laid a tariff of 20% ad valorem on imported cattle.[2] In spite of this obstacle the trade revived, the price rising to a peak of $29.21 per head and 67,758 head were exported in 1885, yielding an average return of $20.83. Another decline followed, and in 1890 the American market was practically closed to foreign cattle when their Congress placed a duty of $10 per head on cattle more than one year old and $2 per head on calves.

U.S.Tariff Comm. Cattle and Beef in the U.S. p. 122

Export statistics show 37,360 head exported in 1889 with an average return of $13.12 while in 1890 only 7,840 head went to United States, and 2,763 in 1891 yielding only $9.76 per head.

In 1893 exports of commercial cattle to United States were stopped, when the United States imposed a ninety-day quarantine on Canadian cattle,[3] in retaliation for a similar measure adopted by the Canadian Government subsequent to the scheduling of Canadian cattle by Great Britain.

Hansard Sess.1894. Vol.I P.1812.

CHAPTER II

THE LOSS OF THE EXPORT MARKETS, 1892-1912.

1. The Scheduling of Canadian Cattle.
2. The Trend of Prices in the British Market.
3. Decline of Overseas Exports.
4. The Organization of the British Export Trade.
5. The United States Market.

1. THE SCHEDULING OF CANADIAN CATTLE.

The circumstances leading to the laying of an embargo on Canadian cattle by the British Government have been the subject of so much controversy, and the embargo itself has been so often proclaimed as the chief cause of the loss of the British export market that it is necessary to give some consideration to the causes leading to its imposition before proceeding to examine its effect on the market for Canadian cattle in Great Britain, or to attempt to estimate its influence in relation to other factors.

1.

Canadian cattle were ordered to be slaughtered at the port of landing within ten days of arrival, by order-in-council of the Imperial Government, November 21st, 1892, on account of the supposed existence of pleuro-pneumonia in three cattle from the steamers "Monkseaton" and "Huronia", landed at Liverpool at the end of September. Doubt existed as to the genuineness of the disease; the government veterinarians alone asserted that it was pleuro-pneumonia. The veterinary staff of the University of Edinburgh in a letter to the "Times" stated that they were convinced it was not pleuro-, but rather a non-contagious form of broncho-pneumonia. The same conclusion was reached by Professor John Cavin of the University of Toronto Pathological Laboratory. On learning from Sir Charles Tupper that pleuro-pneumonia was alleged to exist in Canada, the Canadian Department of Agriculture searched every section from which cattle on the "Monkseaton" and "Huronia" were shipped but the Canadian veterinarians were able to report that the disease did not exist in Canada.

The causes which led to the scheduling of Canadian

Sess.Pap.
Vol.XXVI
No.11,
S.P. No.50.
pp.- 1-70.

cattle on such doubtful evidence and in spite of the sincere efforts of the Canadian Department to demonstrate the healthiness of Canadian herds must be sought in the political and economic conditions of the United Kingdom at that time. Gladstone's second Home Rule Government had just taken office. They possessed a slender majority in the House of Commons and were opposed by an active majority in the Lords. The free importation of Canadian cattle conflicted with the economic interests of two sections, one of which Gladstone favoured, the other he needed to placate. Canadian store cattle came into direct competition with Irish store cattle and affected the income of those members of the English landlord class whose tenants were breeders of stock. On the other hand the plea that the embargo was a measure to protect the health of British herds was sufficient to salve the consciences of Mr. Gladstone's old supporters of the Manchester school.

Whether it occurred by accident or design the discovery of alleged pleuro-pneumonia in Canadian cattle was most opportune coming as it did just when store cattle had reached a new low level of £4 - 10s per head on the British market and when Gladstone was about to present a second Home Rule Bill to a bitterly hostile House of Lords composed in large part of landlords whose rents were diminishing in the agricultural depression.

Strong pressure was brought to bear on the government in favour of scheduling by deputations from the Central Chamber of Agriculture, the Royal Agricultural Society, and through the columns of the "London Times." In conversation with these deputations Mr. Gardner, President of the Board of Agriculture, felt it necessary to defend the Board against the charge of supineness in not withdrawing the Canadian

privilege long before. The Edinburgh "Scotsman" commenting on the situation on the 5th of November, 1892, stated, "that Mr. Gardner waited to hear both sides but pressure on the other side was very great." "Every means was taken to impress on Mr. Gardner that nothing could be more unfortunate for the government than that they should show themselves less zealous in protecting English cattle than Mr. Chaplin was." A.

A. NOTE:- In 1883 Sir Charles Tupper, the Canadian High Commissioner, reported on an alleged case of Texan fever in Canadian cattle discovered by a British Privy Council Inspector. The cattle were slaughtered, but when the carcasses were examined by the best British veterinarians they were pronounced absolutely free of disease. That "fatigue was mistaken for disease", was the excuse offered by the Inspector.

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.236.

During the fall of 1892 Sir Charles Tupper made representations to the Colonial Office that it was unfair to schedule Canadian cattle before more complete information was secured since no cattle would be shipped throughout the winter. The reply was that the law officers of the Crown had decided that the Board of Agriculture had no power to suspend action under the terms of the Imperial Act.

2.

In spite of the uncompromising position taken up by the British Board of Agriculture, the Canadian Government made strenuous efforts to have the embargo removed. The Department of Agriculture continued to affirm the healthfulness of Canadian herds, and submitted further evidence from Canadian veterinarians to support their claim. In refutation of the belief entertained in Great Britain that many cattle shipped from Canada were smuggled across from the United States, which Tupper referred to in a telegram of October 29th, 1892, the quarantine and transit regulations in Eastern Canada and the inspection service in the West were cited. Dr. McEachran

Report of
Min. of
Agric.
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Vol.XXVII
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S.P. No.8 d.
pp. 1 - 7.

also pointed out that it was impossible for range cattle to be affected by pleuro-pneumonia because of the conditions under which they were kept and further that affected animals could not survive the hardships of the long drive to the Canadian border.

The Department also offered to meet the expense of sending experts from Great Britain to make a thorough inspection of Canadian herds during the winter. The British Board of Agriculture refused to avail themselves of this offer.

The controversy continued in 1893. The Canadian government offered to undertake any measures which the British Board suggested. The Board of Agriculture then demanded that measures similar to those adopted in Great Britain to stamp out pleuro-pneumonia be set on foot in Canada. They asked that the lungs of all animals suffering from disease should be examined by Dominion veterinarians, that the disease be stamped out in affected areas by the process of "slaughtering-out" herds adopted in the English counties, and that the disease be traced to the district in which it existed through the slaughter of export rejects. The Canadian government replied that all diseases were investigated by Dominion veterinarians, that no infected areas had been discovered in Canada and that all cattle sent forward for export had been perfectly healthy on their arrival at Montreal. Driven into a corner the British authorities accused the Canadian department of concealing cases of pleuro-pneumonia brought to their attention. This was indignantly denied by the government at Ottawa, which at the same time condemned the attitude assumed by the Board of Agriculture in strong terms. The agitation for the repeal of the embargo continued for many years and was the subject

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of bitter debate in the House of Commons down to 1919. But in spite of the continued efforts of successive governments in Canada and ample proof afforded by the inspection of all cattle slaughtered in Canadian slaughter-houses that the disease was unknown in this country, the Imperial government remained adamant. In 1896 the embargo was fixed by Act of Parliament.

In the whole of the negotiations the British authorities appeared unable or unwilling to understand Canadian conditions; they made impossible demands and turned a deaf ear to every reasonable representation made from Ottawa. That their actions were based on a genuine fear for the health of British herds there can be no question, but there is strong evidence that this fear was magnified and distorted out of all proportion to facts by interested parties. From the Canadian standpoint the embargo was considered at the time and has since been considered as a heavy blow to the cattle industry, and it has been chiefly blamed for the sub-sequent decline of our trade with Great Britain. The history of the period 1892 - 1914 does not bear out this view. Canadian exports continued in increasing volume for many years, after the imposition of the embargo, and the collapse of the trade was mostly due to several causes unrelated to the embargo. As an obstacle to the development of the cattle industry its effects have been psychological rather than material. From the stir caused by its imposition and the importance attached to efforts to obtain its removal, it appears that it operated to discourage producers and dealers in Canada, and led to a slackening of efforts to hold the British market. In Great Britain it has served to arouse suspicion of Canadian meat in the mind of the consumer and to place the stamp of inferiority on it in relation to the home-grown article.

2. THE TREND OF PRICES IN THE BRITISH MARKET.

Between 1874 and 1895 a general decline in cattle and meat prices occurred in Great Britain, estimated to be between 30 and 40 per cent. Because of improved quality, however, the average price of Canadian exports for the period 1883 - 1890 stood at $84.04 per head compared to $74.42 for the years 1877 - 1882 an increase of 13 per cent. The effects of the falling market became apparent in the years 1891 and 1892, the average per-head value falling from $96.54 in 1890 to $78.24 and $73.76, although this drop must be ascribed in part to the increased number of store cattle sent forward. After the embargo was laid the price rose to $78.43 in 1894 and $79.16 in 1895 but was accompanied by a 15 to 20 per cent. drop in numbers exported, clearly indicating that this advance was due to the removal of stores from export shipments. The lowest prices were received in 1897 when the average return was $54.76 per head. From this point it rose again to $67.44 in 1901.

The years 1902 - 1907 witnessed the heaviest exports, ranging between 150,000 and 163,000 head annually. The average return over this period was $67.82, and these years are remarkable for the steadiness of the annual average price, the minimum being $65.42 and the maximum $69.38.

In the following period, 1908 - 1914, while the trade declined rapidly, dropping at the last from 113,795 head in 1911 to 9,778 in 1914, the average price showed a slight advance to $70.80; 4 1/2 per cent. higher than in the preceding period of heavy shipments. Thus the decline of the trade took place in the face of what was apparently a rising market, and its causes must be sought elsewhere.

3. DECLINE OF OVERSEAS EXPORTS.

Canadian farmers and dealers, as has been indicated above, have blamed the British embargo for many of their troubles since 1892. [1] The rule that cattle must be slaughtered within ten days of landing caused frequent gluts on the market when large shipments arrived which forced the slaughter of bruised and fatigued animals and made cattle exporting a hazardous business on account of the uncertainty of the market under these conditions. "Large shipments arriving on an unfavourable market received the lowest prices, and big returns were obtained only on small shipments.. Prices depended not only on the supply of overseas cattle but upon the number of Irish and home-grown which the market had to absorb." [2]

1. Hansard Sess.1905. Vol.V. P.8998.

2. Mr.J.S. McLean. Address before Live Stock Convention, Brandon, 1923.

An examination of the government returns should show whether this condition tended to deflect the level of prices. It is necessary to compare for this purpose the periods 1877 - 1892 and 1892 - 1914. Shorter periods immediately before and after the embargo would not afford a fair comparison because of the obvious difference in the character of the stock involved. The average price received for Canadian cattle 1877 - 1892 was $79.29 and between 1892 and 1914 was $68.55, a fall of $10.74 per head or approximately 14 per cent. But cattle and meat prices in Great Britain were approximately 25 per cent. lower in the latter period than at the beginning of the former, as is shown by the table below.

3. Average Price of Beef per Stone, 8 lbs.

in Great Britain.

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.372.

	1st Quality.	2nd Quality.	Inferior Quality.
1876-8	6s 0d	5s 6d	4s 5d
1884-6	5s 3d	4s 9d	3s 9d
1893-5	4s 7d	4s 0d	2s 8d

4. Price of Home-Killed Beef, Smithfield

Market, London, July 8-15, 1908.

ess.Pap.
ol.XLV
o.8.
S.P.No.15 b.
117-126.

British	4s 9d	to 4s 4d
American and Canadian,	4s 5d	to 4s 0d.

It is obvious, therefore, that the embargo cannot be blamed for decreased returns on Canadian cattle, and that lower prices were caused by the general fall in the price of meats on the British market. But if the embargo was not responsible for relatively lower returns, the uncertainty of the returns to be obtained on cattle subject to it operated to discourage dealers, and caused many of them to abandon the cattle trade in favour of less hazardous enterprises.

In the years before 1914 Canadian cattle had to face growing competition from Argentine and Australasian chilled meat. These countries possessed two great advantages which offset their distance from the British market. Their herds were of high quality, capable of attaining a good finish on grass-feeding, and their warm climates relieved them of all the expense of winter feeding. The heavy imports from these countries kept down the price of meat in Great Britain at a time when the price level of other commodities was rising.

5. British Imports, 1911

5.
Sess.Pap.
Vol.XLVI
No.9,
S.P.No/15 c.
P.71.

	Beef		Cattle
Argentine	2,929,758	Quarters	
Australia	537,442	"	
New Zealand	344,048	"	
United States	477,147	Cwt.	138,387
Canada	8,672	"	78,691

Again ocean shipping conditions were unfavourable for Canadian dealers in several respects. To stabilize rates and to put ocean shipping on a profitable basis shipping conferences were set up about 1890 by the lines plying to different parts of the world. It is impossible to say how much control was exercised over rates on Canadian cattle, but the shipping companies had an excellent opportunity to bolster up rates between 1892 and 1896 while the United States quarantine prevented shipment of Canadian cattle through United States ports, and from the complaints voiced in Parliament at Ottawa it may be inferred that they were not blind to their opportunity.

6. In 1894 members of Parliament complained that shippers were not notified of the rate they would be charged until their cattle were half way across the Atlantic. As these rates might vary from $7 to $17 per head Canadian dealers could not make any definite bargain with the farmers from whom they bought their cattle. Certain men who made it their business to buy up space on cattle steamers and re-sell it to actual shippers, often making a profit of $800 on a single ship, were denounced as an impediment to the trade. It was also claimed that dealers were put to an additional expense because the agents for steamship companies were also insurance agents and insisted as a condition of selling space on their steamers that the shipper should insure with them, and charged a higher rate than could be obtained elsewhere. The shipping companies were charged with combining to hold up rates at Montreal so far above those from U.S. ports that while fat cattle at Buffalo were worth $4.60 to $4.85 per cwt. they brought only $4.00 at Montreal. Dealers were unable to profit by a rising market in Great Britain because as cattle prices rose, shipping companies pushed up their rates.

Hansard
Sess.1894
Vol.1
pp 1801-2
1813-14

ansard
ess.1898
ol.I
.2440

ess.Pap.
ol.XXVIII
o.180,
.P.No.11 b.

7. Partial relief from these troubles was afforded when the removal of the American embargo in February 1897 allowed Canadian cattle to be shipped from American ports.

8. The Canadian government in August, 1894, had appointed a commission to inquire into rate-fixing by steamship companies at Montreal, which the steamship companies politely disregarded.

ansard
ess.1891.
ol.II
.3992.

9. Facilities for caring for stock on the voyage were also criticized in 1891, especially the leaky water-troughs provided, and the lack of sufficient fresh water to last the whole voyage necessitating the use of condensed water generally too hot for the cattle to drink causing heavy shrinkage among the stock. Mr. Featherston, a cattle exporter, stated in the House that he found it profitable to pay an extra 10 shillings per head to ship his cattle on the ships of the Beaver Line because they were fitted to supply cattle with fresh water all the way over.

0.
Sess.Pap.
Vol.XLV,
No.8
S.P.No.15
p.115-126.

10. In a report to the Department of Agriculture in January 1909, Mr.J.L. McHugh commented on the same defects he observed in Canadian cattle boats at this later date. He found that shrinkage often ran as high as 100 pounds per head on grass-fed western cattle and from 50 to 60 pounds on domesticated cattle while the average was from 70-75 lbs. on range cattle, and 15-20 lbs. on domesticated. In comparison, American cattle ships of the latest types, fitted with concrete floors, electric light, and efficient facilities for feed and water, caused no shrinkage in domesticated cattle. He stated that similar improvements would have to be made in the Canadian service if the trade was to continue, and that cattle on shipboard should be tended by regular employes of the owners who should unload them in Great Britain to prevent damage by drunken dock hands. Stockyard facilities at

Montreal he found to be worn out and inconveniently situated for loading on board ship; a new and convenient yard was urgently needed.

Railroad transport in Canada presented several obstacles to the trade in the shape of poor equipment, high rates, delay in transit, and the rough handling of stock. Feed racks in Canadian cars were too small, holding only one feed; no facilities existed for watering stock in the cars. Cattle from the West were often two and three days without care and stock trains were slowed up by having heavy grain trains hooked on. In cold weather engines frequently went dead leaving the cattle stalled for many hours. As a result range cattle lost up to 100 lbs. shrinkage and 5 to 6 per cent. of them were badly bruised. To cut down this heavy loss Mr. McHugh stated that Western cattle should be more carefully prepared, fed a grain ration for three months, and de-horned before shipment, and where possible should be shipped along with domesticated cattle.

11. Mr. R.J. Phinn, a Saskatchewan farmer, presented similar information to the Live Stock Convention in 1912. He had found that Saskatchewan export cattle brought 1/2 cent a pound less on the Toronto market than Ontario cattle on account of their bruised condition. He stated that it should cost 1 1/4 cents a pound to put Western cattle on the Toronto market with reasonable railroad handling, but due to rough handling and slow movement of trains (Canadian cattle trains made only 15 miles an hour compared to 25 miles averaged on United States lines) the actual cost averaged 2 to 2 1/4 cents a pound, a clear loss of 3/4 to 1 cent a pound through bad handling. Western grass-fed cattle had to move East for export just at the time of the year when the movement of grain was at its height causing many delays.

1. Vol.XLVII No.9, S.P.No/15 b. p.347.

In the face of these conditions it is not surprising to learn that the Alberta ranches rapidly gave place to grain farms, causing a rapid falling off in numbers of cattle shipped East.

12. Shipment of Export Cattle from the Prairie Provinces

Year	Head.
1895	42,540
1899	30,658
1900	49,353
1901	31,456
1908	90,000
1909	72,000
1910	48,500
1911	10,300

12. Sess.Pap. Vol.XXIX No.5 S.P.No.8,p.28; Vol.XXXIV No.6, S.P.No.8,p.110; Vol.XXXV,No.6, S.P.No.8,p.43; Vol.XXXVI No.6, S.P.No.15,p.66; Vol.XLVII No.9, S.P.No.15 b. p.324.

13. At the same time that cattle production was falling off, a rapid expansion took place in the Canadian market for meat. Heavy railroad construction was being pushed forward and the country was growing quickly. In consequence prices rose quickly, narrowing the spread between British and Canadian prices, making it more profitable for the producer to market his stock at home.

13. Report of Live Stock Commissioner. Sess.Pap. Vol.XLVI No.9,S.P.No. 15c,pp.67-71.

14. Average Price All Classes, Beef Cattle Toronto.

Year	1900	1906	1910	1911
Price,	$4.16	$4.07	$5.64	$5.36

Exporters - $6.48

Butchers - $6.32

14. Sess.Pap. Vol.XLVII No.9,S.P. No.15b, p.301.

The causes which combined to destroy the Export trade with Great Britain may then be summarized as follows:-

1. The hazardous nature of the business due to the conditions imposed by the embargo.

2. High rates for rail and water transport.

3. Improper handling and preparation of Western cattle, causing heavy shrinkage up to 175 pounds in some cases or around 13 per cent. of shipping weight.

4. The break-up of the Alberta ranches and consequent shortage of supplies in Canada.

5. Coupled with this a rising Canadian price due to the increase of population and general high prices in Canada.

6. World competition from the Argentine, Australia, New Zealand, and the United States, in cheaper grades of chilled meat raised under more favourable conditions. Competition from United States live cattle handled with better equipment.

7. Lack of a meat-packing industry organized to take advantage of proximity to the British market to build up a chilled meat trade and inferior breeding of Canadian cattle compared to United States and Argentine herds, causing a scarcity of material for such a trade.

8. The opening of the American market by the Underwood Tariff of 1913.

4. THE ORGANIZATION OF THE BRITISH EXPORT TRADE.

Cattle for overseas shipment were purchased and collected from country points by dealers who forwarded them to the English market in charge of employes where they were sold by British commission firms.

(See Chapter VI. Section 2. for methods of marketing cattle in Great Britain.)

1. A list of these dealers who had formed a Live Stock Association in 1894 names 46 of them operating in different parts of the country, and distributed in the following manner:

Sess.Pap. Vol.XXVIII No.8, S.P/ No.11b, p.3.

Montreal	12	Elmira, Ont	1
Toronto	9	Bowmanville, Ont.	1
Forest, Ont.	5	Brussels "	1
Galt, "	3	Washington "	1
Kingston "	2	Watford "	1
St.Mary's "	2	Rockland "	1
London "	1	Hensall "	1
Hamilton "	1	Lennoxville, Que.	1
Brantford "	1	Pilot Mound, Man.	1
Seaforth "	1	Calgary, Alta.	1
Guelph "	1		
Port Hope "	1		

While this list did not include all those engaged in the export business it indicates the extent of the trade and the districts from which supplies were chiefly drawn at that time. Montreal being the port of embarkation was headquarters for the trade and the largest dealers had their headquarters there. Probably the greatest part of the trade

was in the hands of these Montreal dealers. One of them alone, Mr. R. Bickerdike, shipped more than 40,000 head in 1892.[2.]

Hansard Sess.1917 p.920.

Although practically all Canadian shipped exports have gone from Montreal, the stockyards there have always been inadequate, inconvenient, and obsolete in their equipment.[3.] In spite of this serious drawback the immense advantage possessed by Montreal in the shorter rail haul from the main producing areas in Ontario, Manitoba, and Alberta, nullified every effort to develop Halifax or St. John, N.B. as alternative ports.[4.]

Sess.Pap. Vol.XLII No.7,S.P. No.10, p.98.

Sess.Pap. Vol.XLII No.7,No.10, p.117. Hansard Sess.1880, Vol 1 p.820. Sess.1881, Vol.1 pp.46, 126.

Ocean transport was furnished regularly by the Allan, Donaldson and Beaver Lines whose boats were comparatively well equipped for the trade. Tramp steamers which picked up occasional cargos were almost always poorly equipped, and inflicted heavy losses on the cattle they carried.

Employes of the shippers cared for the cattle on board ship. The condition of the cattle on arrival depended entirely on how these men did their work. In the early 'eighties they were generally disgruntled emigrants working their passage home who took no interest in their work and the cattle suffered in consequence. Shipments in later years were too frequently intrusted to casual labour picked up on the wharves, rather than to regular employes of the dealers.

Sess.Pap. Vol.XLII No.7, S.P. No.10,p.98.

Costs of marketing were between $24 and $29 a head from Ontario points during the 'nineties. In the following table the usual division of costs between rail and ocean transport and marketing charges are roughly indicated, and show the relation of selling costs to returns.

Sess.Pap. Vol.XLV No.8, S.P.No.15, pp.125-6.

Hansard Sess.1894, Vol.1 pp.1820-1.

Cost per Head of Sale of Canadian Fat Cattle in Great Britain.

Costs on shipment made by Mr.Thos. McMillan, of Seaforth, Ont. July 1896.

	1894	x 1896
Bedding Cars		$0.03 2/3
Railway Freight	14s	3.11
Feed Stockyards, Montreal,		0.17 2/3
Loading on Ship, Montreal		0.7
Wharfage, Montreal,		0.13
Ropes, Pails, etc.,		0.08 2/3
Live Stock insurance	5s	0.60
Hay, Meal, and Bedding on ship	10s	2.20 1/3
Ocean Freight	50s	$7.50- $15.
Wages on ship	3s	1.00
Driving boat to Lairage)		1s
5 days lairage)	20s	7s
Harbour dues)		1s
		5s
Selling Commission	$25.00	$21.56-$29.06.
Total Cost		$95.78.
Selling Price		

The significant feature in both of these accounts is that total costs of ocean transport were 67 per cent. in the first, and 53-63 per cent. in the second instance, of all charges It shows clearly that ocean rates were the chief factor to be considered in exporting stock, and that a rise or fall in rates vitally affected the extent of the trade.

5. THE UNITED STATES MARKET

As the United States quarantine was maintained until February 1897 there was no export of commercial cattle to the United States in the period 1892 - 1896. In 1897 36,000 head were exported, made up of young feeder stock and other cattle not suitable in size and quality for the British market. From 1898 to 1900 a brisk trade sprang up, about 90,000 cattle being exported annually at an average price of about $15 a head. The wide spread between American and British values can be in part explained by the composition of these exports to the United States which probably contained 20 per cent. calves while the remainder were cattle of inferior grades. Nor can the declared value be taken as representing their real price since the American tariff at that time made undervaluation profitable. The tariff which had been changed back to 20 per cent ad valorem in 1894 was fixed in 1897 at $2 per head for cattle under one year old, $3.75 per head for cattle over one year valued at not more than $14, and 27 1/2 per cent. ad valorem for all of greater value. This tariff continued until 1913 when the Democratic Administration placed United States cattle on the free list.[1] The heavy export in these years in the face of these duties was induced by higher prices in the United States, caused by a decrease of 5,000,000 head in United States herds between 1893 and 1898 at a time when the population of the country was growing rapidly.[2]

When similar conditions in Canada, the break-up of the ranches and an increased home demand for meat, advanced prices here, the tariff proved to be an effective barrier. Exports to the United States dwindled [redacted] to a very small volume, and the United States market did not again become an

1. U.S.Tariff Comm. Cattle & Beef in U.S. pp.84,122.

2. SESS.Pap. Vol.XXXIII No.6,S.P.No. 8, p.63.

important outlet for our cattle until 1914.

This brief description of our cattle trade with the United States, together with that in the preceding chapter, shows that although the proximity and extent of the American market made it most desirable as an outlet for our surplus stock, it nevertheless presented certain bad aspects. It has not been a steady market for Canadian cattle, but has been subject to frequent interruptions. As an alternative to the home market it was too much subject to conditions similar to those in Canada, to exert a steadying or corrective influence on Canadian prices. In times of depression when the American market would have been most valuable in liquidating Canadian surpluses, the demand of American interests for protection brought about the erection of a tariff barrier against our product.

CHAPTER III

WAR-TIME MARKETS, 1914 - 1920.

The war reversed the trend of the cattle industry, created new factors in marketing, and stimulated enormously others which had been developing in preceding years.

In the years before 1914 production for reasons outlined above had been falling off rapidly until in 1912 and 1913 it was little more than enough to meet the domestic demand. In those years only 61,517 and 44,296 head were exported and the number of cattle other than milch cows in the country fell steadily from 4,384,779 in 1909 to 3,363,531 in 1914. Thus exports had fallen to the same point that they were at in the period immediately following Confederation, and the number of beef cattle in the country was little greater than in 1879 when they were estimated at 3,255,362 head. Moreover the import and export statistics for the same time show a balance on the side of imports.

1. Live Stock & Animal Products Statistics, 1909-1919, p.11.

2. Sess.Pap.

3. A.P.Statistics 1909-1919. p.85.

3. Net Imports of Beef 1909-1912.

Fiscal Years	Pounds.
1909-10	127,905
1910-11	196,238
1911-12	1,028,178
1912-13	57,583.

This condition was improved in 1914, however, after the Underwood Tariff had opened the United States market to cattle and beef.Exports to the United States jumped to 206,446 head and an export surplus of 6,928,363 pounds of beef is shown for that year. Free access to the American market had the effect of raising Canadian prices at Toronto and Montreal to the Chicago level whereas they had previously been 15 to 20 per cent. lower; the value of Western cattle was enhanced proportionately. (See Chart No.1)

Swiftly rising prices induced by the war followed

immediately (Chart No.1). Stimulated in these ways Canadian live stock production expanded rapidly. [4] 1918 found 6,507,267 head of beef cattle in the country, an increase of almost 100 per cent. But during these years exports of live cattle to Great Britain were cut off and United States exports remained around the 1914 level until 1919. The surplus product indicated by the expansion in production was marketed abroad by the Canadian packing industry in the form of dead meat.

4. Ibid.p.11.

Canadian companies and subsidiary companies to the United States packing interests had been organized to operate abattoirs in the domestic trade in the late 'nineties and the first years of the twentieth century. [5] By 1908 when the Meat Inspection Service was organized some forty of these firms were engaged in inter-provincial or export trade and slaughtered 298,241 head of cattle in that year. In 1910 there were 55 such companies, and by 1913 they handled 530,000 head of cattle annually, probably about 60 per cent. of the total marketed.

5. Sess.Pap. Vol.XLV No.8, S.P. No.15b, p.23.
Vol.XLVI No.9, S.P. No.15c, p.54.

War time conditions called for large quantities of frozen meat to supply the armies in the field. The necessity for a maximum economy in the use of shipping led the British and Allied governments to seek their supplies in the closest large producing areas which were the United States and Canada. The following table illustrates the enormous increase in beef exports, the resulting expansion of the packing industry and the stimulation administered thereby to cattle production.

6. Numbers of Live Stock, Annual Slaughter And Export of Beef 1908 - 1922.

Fiscal Year	x Cattle Other than Milch Cows (Head)	Slaughtered at Insp. Estab. (Head)	Total Export (Pounds)	Export to U.K. (Pounds)	Export to U.S. (Pounds)
1908-9		298,241	1,318,397	828,140	
1909-10	4,384,779	389,327	974,411	482,371	
1910-11	4,550,963	411,308	948,771	274,419	
1911-12	3,939,257	408,401	1,570,979	782,920	
1912-13	3,827,373	431,390	13,133,205	190,787	10,886,414
1913-14	3,915,687	531,994	18,828,257	1,330,282	15,071,444
1914-15	3,363,531	530,425	47,422,564	13,912,371	15,305,264
1915-16	3,399,155	542,154	45,546,176	15,179,195	9,918,326
1916-17	3,760,718	648,859	86,565,104	32,768,400	9,435,742
1917-18	4,718,657	739,085	127,113,294	91,791,877	x20,768,167
1918-19	6,507,267	887,773	110,047,800	28,838,200	x31,124,474
1919-20	6,536,574	960,639	53,506,600	8,883,800	x37,488,425
1920-21	5,947,142	x831,701	x 32,143,200	x 5,629,300	x26,469,120
1921-22	6,469,373	x715,313	x 26,340,900	x 6,231,900	x18,583,600
1922-23	5,974,065	x831,701			

6. L.S.& A.P. Statistics 1909-1919 pp.11,85,42 43. Ibid. 1920,pp.7, 29,56. Ibid,1921, pp.7,25,55. Review of Live Stock Markets,1922 pp.67,68. Bulletin of Agric.Stat. 1923,p.56. U.S.Tariff Comm.Cattle & Beef, pp.110-112.

x Calendar Years.

The heaviest exports, it will be observed, were made in the last two years of the war, and exports of meats in 1917 were almost double those of 1916. The reasons for this advance demonstrate clearly the dependence of marketing and prices on war orders during the period. [7] Up to 1917 buyers for the British government gave a preference to United States packers because they were able to deliver a far greater bulk of meat. Following this policy at the end of 1916 they made extremely favourable contracts with the United States firms. An acute situation was precipitated in Canada. Canadian packers, who had invested heavily in new equipment to handle the increased business developed by the export trade, were no longer able to compete with United States firms in buying cattle. [8] The Toronto price of butcher steers fell $2 in the hundredweight below the Chicago market, and Winnipeg $3. Representations were

7. Evidence of Mr.J.S. McLean, Mgr.Harris Abattoir, before cost of Living Comm., June, 1919.

8. See Chart No.1.

made by the Canadian packers to the British government through the Canadian authorities which secured orders for the Canadian firms on equal terms with the United States interests, resulting in the abovementioned expansion of exports.

In the eighteen months following the termination of hostilities the general inflation of values throughout the world continued to stimulate production. The peak of cattle prices in Canada came in February and March, 1919, and the high prices continued until June, 1920. Under these conditions Canadian production and slaughter at abattoirs reached their peak in 1919. The export of beef was almost as heavy as in 1918 but there was a sharp re-grouping in the distribution of exports which can be seen by reference to the table above. British imports were only one-third of the 1918 quantity and a sharp increase is to be noted in United States shipments, while nearly half the export was marketed elsewhere, probably in Europe. Heavy domestic consumption must have absorbed the rest of the slaughter. Because of the great inflation of United States prices a heavy movement of Canadian cattle to United States markets was recorded in 1919.

9. Exports of Canadian Cattle to United States Markets.

9. Review of Live Stock Markets 1922, p.66.

Calendar Year.	Numbers	Value
1918	237,286	$21,189,472
1919	532,309	49,249,731
1920	311,070	23,760,670
1921	194,610	5,623,204
1922	217,480	5,538,795

In the Autumn of 1919 the spread of prices between the Chicago and Winnipeg markets reached $5 per hundredweight and between Chicago and Toronto $2.

The period of deflation which began in 1920 found Canada producing a heavy surplus above domestic consumption.

The market for this surplus in the form of meat dwindled rapidly with the return of peace conditions in Great Britain. [10] it was further curtailed when the United States Emergency Tariff placed a duty of 2 cents a pound on beef imports in May 1921. The same Tariff seriously impaired the outlet for live cattle by imposing a 30 per cent. ad valorem duty, which also cut down the value of exports in that proportion.

10. U.S.Tariff Commission, Cattle and Beef in U.S. p.122.

Thus both the export channels through which our surplus was marketed between 1914 and 1920 have been closed, or rather returns from them have been reduced to a point where there is no profit to be expected by continuing in them.

The problem is thus raised whether Canada by developing new export channels can continue to produce and market a surplus at a profit, or whether the expansion of the war period must be sacrificed and the cattle industry be reduced to a point where the domestic market can absorb the whole supply as had already happened once before between 1908 and 1913.

N.B. This page should be inserted after the next two pages.

1. METHODS OF MARKETING CATTLE

Practically all stock marketed commercially in Canada must be sold through one of the five channels defined below. Depending on the situation of his farm, the class and grade of his stock, and his own enterprise, the producer will choose one or more of the following methods of marketing:

1. Sale at a central stockyard through:
   (a) Sale to a country drover.
   (b) A co-operative shipping association.
   (c) Direct shipment.
2. Direct sale to a packing house or abattoir.
3. Direct export to markets outside Canada.
4. Sale to a local butcher in the producer's own district.
5. Slaughter on farms for personal consumption or for sale as dressed meat.

The following tables show the relative importance of the five main agencies for the distribution of Canadian live stock from the hands of the producer. It must be borne in mind that the figures representing total sales are based on estimates arrived at through the comparison of total live stock in the Dominion from year to year as shown by the Dominion live stock census, and the estimated annual increase; this increase in turn having been arrived at, in the case of cattle and calves, from figures showing total numbers of calves in Canada, compiled by the Industrial and Development Council of Canadian Meat Packers, and in the case of sheep and hogs on the method employed by the Dominion Live Stock Branch in estimating annual increases. Consequently these numbers may be at variance in some degree from the actual numbers marketed. Further, the numbers attributed to sale by other methods, i.e., to local butchers, and slaughter on farms, have been arrived at by a subtraction of the first three items in the tables from

PART II

THE TECHNIQUE OF THE MARKETS.

CHAPTER IV

DOMESTIC MARKETING

1. Methods of Marketing Live Stock.
2. Co-operative Shipment and Sale of Stock.
3. Government Regulation of Marketing.
4. Grading of Live Stock.
5. Cost of Marketing Live Stock.

the figures for total sales and deviate from actual conditions to the same extent as the latter.

1. Distribution of Marketings through Main Channels, 1919-1921.

Cattle and Calves.

Methods:	1919	1920	1921
Stockyards	1,301,107	1,068,317	891,063
Packing Houses	221,871	201,516	103,364
Direct Export	242,859	163,153	133,896
Other Methods	884,000	247,000	1,535,000
Total Sales.	2,609,000	1,680,000	2,664,000

Hogs

Methods:	1919	1920	1921
Stockyards	906,244	652,263	673,224
Packing Houses	1,441,825	1,232,183	1,100,428
Other Methods	2,701,000	2,510,000	3,107,000
Total Sales.	5,050,000	4,396,000	4,881,000

Sheep

Methods:	1919	1920	1921
Stockyards	598,884	588,340	586,776
Packing Houses	221,466	257,249	266,794
Direct Export	120,704	136,198	87,338
Other Methods	619,000	868,000	859,000
Total Sales	1,560,000	1,850,000	1,800,000

Percentage of Stock Sold through Various Channels.

	Cattle & Calves			Hogs			Sheep		
	1919	1920	1921	1919	1920	1921	1919	1920	1921
Stockyards	49.8	63.6	33.4	18.0	14.8	13.8	38.4	31.8	32.7
Packing Houses	8.5	12.0	3.9	28.5	28.0	22.5	14.1	13.9	14.8
Direct Export	9.3	9.7	5.0	--	--	--	7.8	7.4	4.8
Other Methods.	32.3	14.1	53.7	53.5	57.2	63.7	39.7	46.9	67.7

These figures, for the reasons stated above, cannot pretend to strict accuracy but they are offered as an index to present conditions. The sharp drop in percentages of cattle and calves marketed through stockyards and direct to packing

1. Compiled from Ann.Report Dom. L.S. Branch Live Stock and Markets 1921, and 1922. Live Stock Market and Trade Situation. Dom. Bur of Stat.; L.S. and Animal Prod. Stat. 1919,1920, 1921.

houses in 1921 is believed to be an exaggeration, although a similar tendency was observable in the United States market for the same year, the estimated cattle marketings through central stockyards dropping from 75 per cent. in 1920 to 67 per cent. of the total in 1921. Since the figures for Canada include calves the large numbers shown marketed locally probably indicate a heavy slaughter of calves and young cattle at country points and smaller centres, induced by low prices on central markets making it unprofitable for farmers to finish their stock.

These figures do indicate, however, that besides their importance as a barometer of market conditions and as the chief factor in regulating prices, the central stockyards is the largest single agent in marketing the stock of the Dominion. It is, therefore, proposed to first describe methods of handling and selling stock on these central markets.

2 & 3.

Stockyards companies own or lease, and operate yards for the receipt and care of stock intended for sale. Their purpose is to provide a place for buyers and sellers to meet, where stock may be graded and sold in large quantities, where the seller may show his wares, the buyer inspect them, and a bargain can be struck. While selling and buying is usually done by commission merchants, employes of packers, or speculators, the stockyards company keeps its yards open to all comers, only requiring of those with whom it does not have regular dealings that the seller shall have paid its charges and that unknown buyers shall have paid cash for their purchases before it releases the stock. The business of a stockyards company requires large capital expenditures for real estate, pens, loading and unloading chutes, scales and equipment for feeding and watering; it also involves heavy expense for labour and maintenance. Its income is derived entirely

2. Arthur C. Davenport, 'The American Live Stock Market.'

from handling and feed charges on the stock received.

3. Cost of Living Commission June 1919. Testimony of Mr.F.C. Fletcher, Pres.Tor. Un. S.Y.Co.

3. The Toronto Union Stockyard Co. in 1919 possessed property valued at $2,000,000 and had a working capital of $1,640,000 composed of $350,000 surplus and $1,293,000 paid up capital stock. Their income in 1918 was $398,000 and their operating expenses $266,000.

4. Report of Convention of Co. op. L.S.Shippers Winnipeg, 1921.

4. Capital outlay and expenses for maintenance and equipment are heavier on stockyards in the three prairie provinces, in relation to the number of stock handled, than at Toronto or Montreal, because the great fall movement of stock necessitates the construction and maintenance of relatively larger yards which are only used for a short period in the year. (See Chart NO. 6)

5. Farmers' Advocate, April 4, 1922.

2 & 5

When a shipment reaches the yards it is unloaded and placed in the pens allotted for the use of the commission firm to which it is consigned by employes of the stockyard company, where it is fed and watered and remains until sold. When it is sold, the Stockyard Company weighs the stock on its scales and issues a scale ticket to both parties, giving full particulars of the sale. Once the scale ticket is issued the stock is considered property of the buyer and the stockyard company moves it as he directs.

The stockyard company is responsible for all stock received from the time it accepts delivery from the railway until it receives a written release from the buyer. A stock-yard company does not deal in stock, its work is confined to providing facilities for such dealing.

6. Cost of Living Comm. June,1918. Evidence of Mr.S.G.Mooney, Pres. Tor. L.S. Exch.

6. Commission merchants sell nearly all stock bought on the yards. They act as agents for the owner and generally make sales on their own responsibility, seeking to obtain the best terms for the owner. If the latter wishes to give them any instructions as to the price he wants for his stock they

are bound to carry them out. They also act as buyers for purchasers of stock who have their business at a distance from the market. The activities of the commission men are regulated by a Live Stock Exchange of which all who do business on the yards must be members.

The activities of both stockyards companies and Live Stock Exchanges are regulated by Dominion Statutes and are subject to supervision by the Dominion Minister of Agriculture exercised through employes of his Department stationed at each stockyard.

Stock may be sold in three ways, either:

(a) F.O.B. shipping point.

(b) Fed and watered.

(c) Off cars.

The vast majority of stock is sold fed and watered as it usually makes a better showing when rested. There is no advantage to be gained on off car sales since the greater price realizable is no more than enough to offset the increase in weight from feeding and watering, while the f.o.b. sales are unpopular because buyers do not like to buy stock unseen on account of the wide difference in class, grade, and quality of individual shipments.

7. Buyers on the yards fall into four classes:

1. Canadian Packers.
2. Local Butchers.
3. Country buyers(for feeders and stockers)
4. Buyers for export.

7. Live Stock and Animal Products Statistics, Dom. Bur. of Statistics.

The relative importance of these four classes is indicated by the following tables:

8. **DISPOSITION OF STOCK FROM CANADIAN YARDS**

(Years 1918-1922)

8. Compiled from L.S and Animal Prod.Stat. 1919,1920 1921 and 1922 Review of Live Stk. Market & Meat Trade situation; Dom.L.S. Branch.

BUYERS	1918.	1919	1920	1921	1922
Cattle					
To Packers	527,025	567,703	475,289	407,612	445,629
" Butchers	43,346	49,695	63,490	91,304	69,982
" COuntry points	212,318	218,767	190,320	126,562	206,016
" Export	104,211	260,137	115,708	69,133	140,542
Calves					
To Packers	129,013	154,243	149,195	94,337	132,316
" Butchers	23,349	31,670	37,399	81,286	92,370
" Country Points	10,179	4,630	7,195	7,940	10,087
" Export	18,124	29,326	31,453	10,323	10,312
Hogs					
To Packers	917,545	890,585	553,052	534,951	632,443
" Butchers	29,523	30,518	72,711	121,274	123,633
" Country Points	34,837	37,854	52,619	31,169	47,330
" Export	5,737	1,677	174	282	836
Sheep					
To Packers	236,571	388,615	305,514	380,156	352,862
" Butchers	37,591	67,256	105,870	134,106	118,135
" Country Points	58,482	57,121	50,628	57,786	43,360
" Export.	42,213	63,909	46,012	11,353	26,166

Percentage of Live Stock sold on Canadian Stockyards (Average 1918-1922) Purchased by different classes of Buyers.

	Cattle	Calves	Hogs	Sheep
To Packers	55.3	62.1	85.7	64.4
" Butchers	7.2	24.9	9.1	17.9
" Country Points	21.7	3.8	5.0	10.3
" Export.	15.8	9.2	0.2	7.4

9. Information obtained from Ind. & Dev. Council of Can. Meat Packers, 186 King St.E., Toronto.

9. Direct buying by Canadian packers from country points is carried on in several ways:

1. Country Drovers purchase stock on their own account and sell direct to packers.
2. Country drovers may be paid a commission by packers on purchases of stock they make on behalf of the packers.
3. Salaried employes of packing houses and abattoirs are sent into the country districts to buy on their employer's account.
4. Farmers bring their stock to packing plants situated in smaller centres and sell it at the packing house.

This practice is chiefly found in the Western and central parts of Old Ontario. Packing plants situated at Hamilton, Brantford, Ingersol, Kitchener, Stratford and St. Thomas, and Peterborough are almost wholly dependent for their supplies of hogs on this method of purchase.

The extent of this tendency in hog marketing is indicated by the following figures of total slaughterings of hogs in Toronto and in the rest of Ontario.

10. L.S.Market & Meat Trade 1922 Review p.69.

10. Slaughtering of Hogs at Inspected Establishments, 1918-1922.

	1918	1919	1920	1921	1922
At Toronto	845,370	992,953	792,740	715,164	801,595
In Ontario.	371,609	434,414	350,864	284,413	301,449

Slaughterings of sheep and cattle in Ontario outside of Toronto are insignificant, indicating that this tendency is not important outside of the hog industry.

Packers located at central markets have embarked on direct buying ventures because they find that stock can be obtained at a slightly cheaper rate than through the central markets. Whether the saving is wholly comprised of stockyards and commission charges, or whether it comes in part from the pocket of the producer through a relatively lower price paid him than he would receive for his stock on the yards, cannot be determined since records of such packer purchases are not available. It is reasonable to suppose, however, that the farmer far from centres of information and out of touch with market conditions must drive a poorer bargain for himself with a professional buyer than would be obtained for him by a commission merchant whose whole time is devoted to marketing services.

This very general summary of marketing methods shows the great diversity of systems, ranging from the most primitive to the most complex, in use for distribution of

live stock from the farm. Present day conditions of live stock marketing are such that all the successive stages of economic organization, attributed in history to distinct periods,are to be found existing side by side.

The earliest period of organization with the family as the unit is found in the slaughter on farms of animals for consumption by the family and servants of the farmer. A very large number of farmers slaughter and cure hogs in the winter months for their own use. As a family may consume three or four hogs in a year it is safe to reckon that a considerable proportion of the annual hog production is consumed in this way. The same is true in a very minor degree of sheep and lambs. Owing to the greater bulk of cattle and the impossibility of preserving the meat for a sufficient length of time to permit of its consumption, the number of cattle so treated must be entirely negligible.

The next stage of economic organization, the existence of purely local markets, is found in the sale of meat slaughtered on farms in neighbouring towns and villages, and what is vastly more important the sale of stock by farmers to local butchers or butcher drovers who in turn place the meat on local markets. This sale direct to local butchers is most important in the disposition of sheep, lambs, and calves. These are more quickly sold in a small centre than would be a whole carcass of beef while the by-products wasted are not so important a factor as in the case of full-grown cattle. Of the numbers of sheep and lambs shown sold by Other Methods, ranging from 39.7 to 67.7 per cent.,in the table at the beginning of this section, the vast majority must be sold through local butchers in smaller cities and towns.

The purchase of stock in country districts by drovers or dealers from individual producers to be sold on a central

market or exported is analogous to the domestic system of the seventeenth and eighteenth centuries. The distribution of stock and their resulting products through Stockyards, Live Stock Exchanges, Packing Houses or Abattoirs, and direct shipments to central markets by big producers, are typical of the commercial and industrial stage of the later nineteenth century. Modern tendencies toward integration of functions and processes are reflected in direct purchases by packers at country points, and co-operative shipment and sale of stock through farmer organizations.

While it is necessary, in order to present a lucid and cohesive account of the subject, to confine this investigation to the main agencies and methods of the central markets about which alone accurate information is to be obtained, the alternative local markets must be kept in mind, since they are the outlets for a large proportion of the stock raised in the Dominion, even if their influence in determining prices is comparatively unimportant. Because cattle marketing is, for reasons given above, more fully centralized and commercialized than the sale of either hogs or sheep, information is more complete, and a more accurate view of the cattle trade can be presented. But if information is more complete, it is also true to say that the problems of cattle marketing are more complex, more subject to national and extra-national influences than are the comparatively localized hog markets, or the very much localized markets for sheep and lambs. For these reasons and because of the greater magnitude of the interests involved stress must be laid on the sale of cattle through central and export markets.

2. CO-OPERATIVE SHIPMENT AND SALE OF STOCK

(a) Co-operative Shipment:

Co-operative shipping displaces the country drover in his business of making up car-load shipments from his purchases from small producers. [1] Two organizations are required in co-operative shipping, the Shipping Association at the country shipping point, and the Farmers' Co-operative Company working as a member of the Live Stock Exchange at the central market. The Shipping Association, formed of live stock producers in a farming community, appoints a shipping agent who takes care of the business of making the actual shipments according to the system agreed on by the Association. For his services the agent receives a remuneration agreed on between him and the local Association. It usually is intended to cover his expenses in making the shipment and to repay him for the time he spends. The amount and basis of payment varies greatly in individual cases - it may be per hundredweight or per head of stock shipped. The amount depends on the character and extent of the work involved, the capacities and experience of the agent in handling the shipments, and the distance of the shipping point from the market. In the Western Provinces, Associations shipping to the United Grain Growers, Limited, pay their agents from 10 to 25 cents a hundredweight. [2] In Ontario the range is the same, the commonest charge on shipments to the United Farmers' Company being 15 cents per hundredweight for the agent's commission.

The duties of the shipping agent are to arrange shipping dates, collect stock from members of the Association and order cars. On the shipping day he has to have the stock

1. Report of Co-op. L.S.Shippers Convention, Winnipeg, 1921.

2. From U.F. Co-op Co., Ltd., Toronto Stockyards.

accurately weighed and marked and must fill out a shipping manifest showing this information as well as local expenses for weighing, bedding, and sometimes insurance, his commission rate and the method he wishes returns made by the commission firm. He must then bed and load the cars and, if distance requires it, accompany the stock to market.

Nearly all co-operative shipments are consigned to the Farmers' Co-operative Company operating on the central market. In addition to performing the services of a commission firm,the co-operative company keeps an accurate record of the mark, grade, weight, and price received for each animal. From these records the United Farmers' Co., at Toronto, will make returns to the shippers in three ways, as may be indicated by their shipping manifests.

(1) [2]They will furnish a return to the shipping agent showing the price obtained for the stock owned by each individual shipper and the total costs of marketing the shipment including freight, stock-yard's charges, selling commission and shipping agent's commission and cost per hundredweight, with a cheque for net returns payable to the shipping agent.

(2) [2]In addition they will furnish individual returns for stock of each shipper in the consignment.

(3) [2]They make payment by individual cheques to each shipper.

[1]The Live Stock Department of the United Grain Growers, Limited, operating at Winnipeg, Calgary, Edmonton, Moose Jaw, and Prince Albert, handles stock in the same way. They issue individual statements and cheques to shippers, and for 50 per cent of shipments mail these separately from their offices.

The co-operative companies claim that they handle a larger volume of stock than any other commission firm on their respective markets. The United Farmers' Company, Toronto, states that it handles 25 per cent. of all stock

shipped to Toronto.[2.]

[1.] The United Grain Growers in 1921 handled:

35 per cent. of receipts at Edmonton.

25 per cent. of receipts at Calgary, Moose Jaw, and Prince Albert.

20 per cent. of receipts at St.Boniface, (Winnipeg)

The following table shows the development of the United Farmers' Company at the Toronto Union Stockyards:

[3.] Annual Review of L.S.Markets Dom. L.S. Branch,1922.

[2 & 3.] Comparison of the Receipts of the United Farmers' Co-operative Co.,Ltd. with total Receipts at Toronto Union Stockyards, 1919-1922.

Year.	Total Receipts.	U.F.C. Receipts	% Handled by U.F.C.
		Cattle	
1919	392,192	x42,458	10.8
1920	291,333	70,750	24.3
1921	320,229	92,034	28.7
1922	307,782	63,856	20.7
		Calves	
1919	66,781	x7,238	10.8
1920	73,470	18,914	25.6
1921	66,937	19,246	28.7
1922	85,987	21,987	25.5
		Hogs	
1919	471,090	x51,914	11.0
1920	299,881	84,425	29.1
1921	289,013	102,745	35.5
1922	318,614	137,344	43.1
		Sheep	
1919	295,135	x39,501	13.4
1920	264,158	71,058	26.9
1921	267,614	84,887	31.7
1922	221,311	60,679	27.4

x 1919 United Farmers' Returns are from February 15th to October 31st only.

(b) Co-operative Marketing.

In co-operative shipping while marketing costs are distributed proportionately among the shippers each shipment is sold individually and each shipper receives the actual sum paid for his stock less his proportion of the selling charges.

Co-operative marketing involves pooling the stock on the central market and selling it in graded lots, payment being made on the basis of the average price for each grade over a defined marketing period.

(4) A system of co-operative marketing is carried on by the Central Farmers' Co-operative Co. of Quebec on the Montreal yards. All live stock received is graded into uniform carload lots and sold on this basis. Settlement is made once a week on the basis of the average price for particular grades during the week. The charge for grading and selling on this system is 1 1/2 per cent. of gross receipts on hogs and 2 1/2 per cent. of gross receipts for cattle and sheep, averaging approximately $35. per car.

(5) The United Grain Growers initiated on February 15th, 1923, the following system of co-operative marketing:

Cattle shipped to the United Grain Growers at St. Boniface, Calgary, or Edmonton and designated for co-operative sale by a "Co-operative Sales Permit" signed by the owner of the stock or the shipping agent are sold in the following manner. Cattle when received are rested, fed and watered, and when in condition to sell are weighed and valued. The value given them is as nearly as possible what they would receive if sold on the yards. Returns are made on the basis of this valuation.

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(4) Report of Co-op. L.S. Shippers Conv. Winnipeg, 1921.
(5) Pamphlets issued by U.G.G. Ltd.

Up to the time of weighing and valuing, all expenses incurred by the shipment, freight, yardage, feed, and commission charges, are charged against the shipper. The cattle are then sorted into uniform graded carload lots and sold, either in the primary market, or on other markets to which they may be shipped at the discretion of the United Grain Growers. Further costs of sorting, feeding, and transport to other markets are prorated among all shippers and deducted from final returns.

Returns for cattle sold co-operatively are made on the basis of the first valuation in relation to total returns on a full week's transactions. Each shipper is issued a participation certificate showing the number, weight, and valuation of his animals, and all charges against him including all advances made him. If he desires he may obtain at once an advance up to 70 per cent. of the valuation of his stock less marketing charges. Final returns are made as soon as all returns have been received from sales in other markets.

The system is designed to get the higher prices offered by big buyers for uniform grades of stock in carload lots, and to take advantage of higher prices for particular grades of stock on other markets. To aid the officials of the United Grain Growers, shippers are asked to keep the Live Stock Department informed of cattle ready to come forward and to act on the advice of the Department as to the time of shipment. The success of the plan depends largely on the volume of stock available, but no contract for future deliveries is demanded of shippers who send stock to the pool, although such a step is under consideration.

In order to prevent shippers from using the pool as a mere device to push up prices on the local yards the

United Grain Growers refuse to accept cattle which have been offered for sale on the yards nor will they accept shipments designated partly for co-operative sale and partly for sale on the yards.

3. GOVERNMENT REGULATIONS OF MARKETING

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(1) In 1917 the Dominion Parliament passed an Act providing for supervision of stockyards and live stock exchanges by the Department of Agriculture, in the following respects:

Stockyards are to be built according to regulations laid down by the Minister and to be open to inspection. The By-laws and schedule of fees of stockyards companies must be submitted to the Minister for approval. Until approved they have no force nor is the proprietor entitled to collect fees. The Governor-General-in-Council may issue regulations as to construction, maintenance, operation, complaints and investigation of yards. (2) An amendment to this clause, passed in 1919, extended the power of Order-in-Council to include regulations for the inspection, grading, and branding of live stock and live stock products. It further forbade dealing in stock until regulations affecting it made under the Act had been complied with and a certificate to that effect had been issued by government officials appointed under the Act.

(1) The Act further provided that there should be a live stock exchange at every stockyard designated as such by the Minister for purposes of the Act. Before an exchange can be operated its by-laws must be approved by the Minister, and they must contain provisions covering the admission of members, and require members to give satisfactory surety for

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(1) Livestock and Livestock Products Act, 7-8 Geo.V.Chap.32.

(2) 9-10 Geo.V. Chap.28.

proper accounting for sales made by them. Every commission merchant must be a member of the exchange before he can deal on the stockyards unless he holds a special license from the Minister, but farmers and drovers still have the full right to sell their own stock on the yards.

(3) Under this Act regulations were made by Order-in-Council in April 1919. They ordered that proprietors of stockyards are to provide ample accomodation for stock coming on the yard, but are to erect no buildings without the consent of the Minister of Agriculture. They must provide feed, running water, protection from the weather and facilities for the prompt unloading and handling of stock. Sale weight scales must be in charge of weighmasters approved by the Minister. Whenever stock is sold a scale ticket must be issued showing the date, weight, price, number of head, class of stock, and the names of the commission merchant, owner, and dealer or buyer concerned. From the time the scale ticket is marked with the weight of the cattle the stockyard proprietor is responsible to the buyer for the stock until he receives a signed release from the latter.

The stockyards proprietor must provide accomodation for all persons having business at the yards, and office space for commission merchants, dealers, and buyers.

The regulations also provide the method for determining the price of feed and supplies at stockyards. It is based on the wholesale price of such supplies for the previous month plus a fixed charge for handling and a percentage for profit. To keep a check on these charges the proprietor is required to file with the Minister before the tenth of each month a statement showing the average wholesale market price of feed

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(3) Order-in-Council, April 29, 1919.

and supplies during the preceding calendar month together with a statement of the charges for the current month.

Complaints by shippers against members of a live stock exchange must be made in writing to the Live Stock Commissioner. If in his opinion the grounds are sufficient to warrant it, an investigation shall be undertaken by the Commissioner or a person appointed by the Minister. The person holding the investigation has power to examine any books, papers, or document relating to the point at issue and must furnish each of the parties to the dispute with a copy of his decision, a copy of which is also filed with the Minister. If the finding is that a member of an exchange should have his membership suspended or cancelled a copy is also sent to the Live Stock Exchange of which he is a member.

The work of supervising the stockyards and live stock exchanges is carried out by representatives of the Dominion Live Stock Branch stationed at each stockyard. These inspect equipment and operation of stockyards and exchanges, investigate complaints of shippers, and report delinquencies to the Live Stock Exchanges. These under their by-laws may fine, suspend or cancel the membership of any member for unfair dealing, and, also, for buying or re-selling stock directly or indirectly. This last is inserted in their by-laws to prevent members speculating in the stock it is their business to sell or buy for others.

(4) Besides their supervisory work the government agents compile the information required for the Markets Intelligence Service at their respective markets. This con-

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(4) Farmers' Advocate, April 4, 1922, and Sess.Pap., Vol.LVII, No.5, S.P. No.15, pp. 40-41.

sists in grading, classifying and pricing all live stock, and obtaining detailed information as to the origin and disposition of all stock sold on the yards. This information is obtained from the scale tickets required at each sale. From them are compiled reports of average prices on each market day which are supplied to the local newspapers and the weekly news letter issued from Ottawa synopsising market conditions and prices throughout the Dominion.

4. THE GRADING OF LIVE STOCK

Livestock, especially cattle, differ in the quality of the meat they yield. Different types of animals are required to suit the taste of consumers in different countries and of different classes of consumers in the same country. Live stock are classified and graded according to their ability to yield meat which will most nearly approximate the demand of the consumer. In the cattle trade a system of grading has grown up among those engaged in the purchase and sale of cattle which has been adopted and standardized by the Dominion Government through the reports of the Markets Branch. The classification is as follows:

(a) Steers, Heavy Export 1200 lbs. up.
(b) Steers, Heavy - 1000-1200 lbs.
(c) Steers, Handyweight - 700 - 1000lbs.
(d) Heifers.
(e) Cows.
(f) Bulls.
(g) Canners and Cutters.
(h) Stockers.
(i) Feeders.

The first class of steers is the type most desired by the British consumer. The third is most popular with the Canadian consumer. Heavy steers of the second class are more in demand with the British public than with the Canadian, but due to the higher cost of ocean freight on a weight basis are not so profitable as the heavy export type. Heifers furnish as good meat as steers but there is a heavier waste

on them in slaughter. Cows and bulls yield meat of an inferior quality to the above classes, while canners and cutters are stock that is too old or too badly bruised to be sold in the carcass but must be cut up and sold as (corned) or boneless beef. The stocker and feeder classes are unfinished cattle which will pay better if sent back to the farm for further finishing. Each of the classes is divided into grades of "Good", "Fair", and "Common" or "Choice", "Good", and "Common," according to the general build and finish of the animals. Both ranges of grades are similar in meaning and are interchanged in government reports.

These classes and grades represent a wide range in price. If they did not have a well-defined meaning in common usage it would be impossible to carry on the business of a market or to convey information about market conditions to producers and other interested parties. The brief description above is intended to illustrate both the value and the limitations attaching to this system of cattle grading. Its value is that it roughly expresses the preferences of the consumer. Its limitation is that it does not define the quality of stock closely enough to permit of purchase by grade instead of on sight. Small differences in finish or breeding are not, and cannot be, expressed by any system of grading yet they are sufficiently important to make a difference in the price the buyer is willing to pay or the seller to accept for different lots of cattle. For this reason men in the trade claim that a system of government grading would be useless. Buyers would be unwilling to purchase cattle whose finer qualities they had not seen and estimated.

The practice in selling hogs has been very different. They were formerly classed as "selects" or "cut-outs" and sold

on a flat rate per carload. The packer or butcher was left to do his own grading after he had bought the hogs. The type of hog most in demand by the consumer was the bacon type capable of producing the Wiltshire side for the British market and also the highest priced pork products for the domestic trade. Hogs of this type, however, did not bring any better price than the less marketable heavy types which would only produce a coarser product. To stimulate the production of bacon-type hogs a system of compulsory grading was inaugurated by the Dominion Live Stock Branch. (1) The packers were the prime movers in the matter, and brought the condition of the hog industry to the attention of the government through a Dominion Hog Conference, composed of both packers and producers, held at Ottawa, November 2nd and 3rd, 1921. There it was decided to ask the Live Stock Branch to establish a grading system, appoint official graders at all stockyards and packing plants, and compel the grading of all hogs. As a standard the Convention adopted the scheme of grading put forward by Mr. E.C. Fox of the Wm. Davies Co. Mr. Fox stated in a published article in April 1922 that these grades were set according to the standards for bacon sides in the British market. The packers at this Conference agreed to pay 10 per cent. more for select bacon hogs than for the next class, thick smooth. No further fixed differentials were adopted.

On the 6th of October, 1922, the Department of Agriculture acted on these recommendations and an Order-in-Council was passed under the Live Stock and Live Stock Products

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(1) Live Stock Letter, July 1922, Pub. by I & D.C. of C.M.P.

Act establishing the following grades:

(2)

1. Select Bacon, 160-210 lbs. Type yielding the Wiltshire side.
2. Thick Smooth, 160-210 lbs. Hogs of smooth conformation and finish, too short and thick to make Wiltshire sides.
3. Shop Hogs, 120-160 lbs.
4. Heavies, 210-260 lbs., either Select Bacon or Thick Smooth types.
5. Extra Heavies, over 260 lbs.
6. Feeders, 170 lbs. and under, unfinished hogs.
7. Roughs. Any weight.
8. Sows. A smooth finish up to 350 lbs.
9. Stags.

While the principle used in applying these grades to hogs appears to be the same as that which has created cattle grades, the standards set by consumers'demands, the method of application is radically different. Cattle grades have grown up within the trade, hog grades are imposed on the trade by government action. To insure their enforcement the Live Stock Branch appoints hog graders at all stockyards and packing houses. Until these issue a grading certificate the hogs cannot be moved. Before a certificate is made out for a shipment the hogs must have been graded and penned separately, the hogs in each grade weighed, and a scale ticket made out by the weighmaster. Stockyards and abattoirs are compelled to provide pens and scales for grading and helpers are to be provided by the consignee. Thus, whether hogs are actually sold on a graded basis or by flat rate, they must have been graded

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(2) Order-in-Council, 6th October, 1922.

before they are sold on stockyards or to packing houses. The purpose of the regulations is stated to be to bring about payment according to quality, and to put a premium on export types and so encourage and increase their production. The employes of the Live Stock Branch in charge of this work estimate that 30 per cent. of hogs are already sold on the graded basis, but they expect that two or three years must elapse before most hogs are sold on a graded basis. In the meantime the United Farmers' Co. has taken full advantage of the grading system for the benefit of its customers and sells all the hogs it handles at Toronto, amounting to 43 per cent. of total receipts, by grade.

5. COST OF MARKETING LIVE STOCK.

The following table classifies under appropriate heads the services which must be paid for by the owner of a shipment of stock sold at a central stockyard. The accompanying scale of rates and charges is intended to serve two purposes, to show the method of charging for each service, where information is available, and to illustrate the impossibility of subdividing costs for purposes of analysis further than into the four main divisions of transportation, stockyards, commission and co-operative expenses, because of the difference in units on which charges are based. The charges enumerated in this scale are of two kinds, those fixed by stockyards companies and Live Stock Exchanges and expenses which vary according to local conditions with different shipments or are subject to change from one period to another.

(1) Classification of Market Costs	Rates of Payment. Toronto.	Winnipeg.
Shipping Costs:	(2)	(5)
Agent's Commission. (Co-operative)	15cts per cwt(Estimated.	10 to 25 cts. per cwt, (1921)
Weighing Stock	--	--
Bedding Car	2.$1.00, approx.	
Loading Car	2.$1.00 "	
Insurance	2.$1.70 to $3.20 per car.	
Freight.		
Cleaning Car.	2.75 cents per car.	

(1) From form of return used by United Farmers' Co., Toronto.

(2) From return made by United Farmers' Co., Toronto.

(1) Classification of Market Costs.	Rates of Payment. Toronto	Winnipeg.
Stockyards Costs:		
	(2)	(5)
Unloading Car.	$1.00 per car.	
Fire Insurance	15 cts. per car.	
Yardage:		
Cattle	25 cts. per head	25 cts. per head.
Calves	10 " " "	15 " " "
Sheep	5 " " "	
Hogs	6 " " "	6-7 " " "
Feed:		
Hay	$36 and $52.50 a ton.	$1.75 a bale.
Straw	$38.00 a ton.	
Meal		
Hog Feed		$2.75 a cwt.
Selling Costs:		
	(3)	(4)
Commission Cattle	$17 per minimum car 20 head or 20,000 lbs. Less than car 85 cts per head.	$17 per minimum car 19 head or 20,000 lbs. Less 90 cts.
Mixed Cars W.Cattle,	$14 to $17.	$12. to $17.
Calves,	$13 per car, 60 head. Less, 25cts a head. Deck in car over stock 25 cts per hd.	25 cts per head. 56 to 70 not more than $14. over 70 not more than $17 single deck or $20 double deck car.
Hogs.	$10 per single deck car of 50. 20 cts per head on less than car-load lots or in deck over stock.	25 cts per head. Minimum car 40 to 80 head not more than $10. Over 80 head 10 cts per head with maximum $12 single or $16 double deck.

(3) From Rate Card Live Stock Exchange, Toronto.

(4) From Article XIII By-laws St. Boniface Live Stock Exchange.

(5) Report of 2nd Annual Conv. Co-op. Live Stock Shippers, Winnipeg, 1921.

(1) Classification of Market Costs.	Rates of Payment Toronto	Winnipeg.
Selling Costs (Cont'd)		
Sheep and Lambs.	$10 per single deck car of 70 head, 20 cts per head on less than carload lots or on decks in car over stock.	20 cts per head. Minimum car 65 to 90 head not more than $13. Over 90 head 20 cts a head and not more than $15 single, or $18 double deck car.
Mixed Car	Single deck small stuff $13.	Calves 25 cts a head. Hogs 25 " " " Sheep 20 " " " Minimum $12. Maximum $17.
(2) Infection Risk Deduction.	50 cts per head Cows. 20 cts per head Cattle 0.5% of value on Hogs.	
Co-operative Service. Stamp Tax. Sundries.	Co-operative charges.	

al urns
$
9.82
7.13
0.25
6.79
6.39
4.39
6.59
7.39
9.69
7.49
1.09
0.09

Where rates are not quoted the omission is caused by lack of information or the lack of a common standard on which rates are based, e.g., freight charges. It is felt that the above table demonstrates clearly the futility of any attempt to give an accurate representation of average or even typical marketing costs by the computation of charges on an imaginary shipment from scales of rates and fees which vary so widely in practice for individual shipments, a procedure which has been adopted by stockyard officials and commission men when testifying before parliamentary committees. Accurate results can only be obtained by the analysis of information on actual shipments such as is presented in the following table.

+ MARKETING COSTS, CATTLE, UNION STOCKYARDS, TORONTO

March, 1923

Itemized Costs, Eleven Shipments.

Origin	Lambert.	Waterloo.	Galt.	Uxbridge.	Seaforth.	Guelph.	Ayr.	Guelph	Forest.	Bright.	In Wood.
Cars No.	1	1	1	2	1	1	1	1	1	1	1
Head,	15	30	21	40	22	24	21	24	17	18	10
Weight,	173.90	264.10	288.20	392.50	268.00	315.40	273.50	254.90	188.10	218.00	88.90
Total Returns	849.19	1709.99	1552.19	2449.93	2021.78	2384.55	1448.50	1791.29	1025.91	1444.65	587.42
Total Exp.	86.95	76.21	101.65	120.76	124.80	72.91	114.75	65.20	112.86	112.72	49.38
Cost pr. Cwt.	50.00	28.87	44.55	30.77	46.57	23.12	41.96	25.50	60.00	51.71	55.55
Freight,	34.08	37.13	32.58	54.00	50.15	40.71	38.55	32.85	46.00	35.67	20.32
Car Clean.,		.75					.75		.75	.75	
Transit Insce.,	1.70	3.20			2.20				2.55	2.00	1.20
Unloading,	.50	1.00	1.00	2.00	1.00	1.00	1.00	1.00	1.00	1.00	.40
Fire Ins	.05	.15	.15	.30	.15	.15	.15	.15	.15	.15	.05
Yardage	3.75	7.50	5.25	12.00	5.50		6.50	6.00	4.25	4.50	2.50
Hay,	9.74	8.62	5.85	14.95	20.64	6.51	8.53	6.50	8.53	7.56	4.31
Straw,	1.88			2.57	3.69		1.50		4.75	1.06	
Inspn. Risk,	5.20	6.60	4.20	10.20	5.70	5.70	8.80	5.00	5.10	5.00	2.40
Co-op.	2.07		1.84		.46	.60	4.37	1.00	2.20	7.13	.46
Agent Comm.	16.60		37.98		23.25		36.00		27.81	32.70	13.34
Agent Exp.	3.83								.52		
Comm.	12.75	17.00	17.00	34.00	17.00	17.00	17.00	17.00	14.45	17.00	6.80
Sund.						.94		.70	.42		

Total Costs - Seven Shipments

Origin	Head	Weight	Tot. Returns	¤Selling Costs.	Cost per Cwt.	Cars.	Mileage.
Elmvale	35	318.30	1665.03	156.10	49.20	1	87
Duntroon	11	116.80	330.56	60.95	52.18	1	
Anlin Mills	40	460.70	1996.64	218.92	47.52	2	
Bright	31	281.80	1638.07	121.79	43.22	1	75
†Desboro	25	252.00	1279.70	77.99	30.93	1	
†Guelph	50	553.80	3464.39	131.52	23.85	2	49
Clarke	20	194.30	1195.14	86.33	44.43	1	

¤ Inspection Risk Deduction not included.
† Individual Shipment.
+ From returns of United Farmers' Co. Live Stock Division, Union Stockyards, Toronto.

L. ANALYSIS OF MARKET COSTS OF CATTLE

UNION STOCKYARDS, TORONTO

Eleven Shipments

Origin.	Mileage.	Market Costs. Total Transport Chg's.	Total Stock yard Chargs	Total Selling Chargs.	Total co-operatve Costs	Cost per Cwt.	No. of Head.	NO. of Cars.	(Lbs) Selling Weight	Total Returns
		$	$	$	$	Cts.				$
Inwood		21.52	7.26	9.20	13.80	55.55	10	1	8,890	589.82
Uxbridge	40	54.00	31.92	44.20	-	30.72	40	2	39,250	2,467.13
Guelph	49	40.71	13.66	23.64	.60	23.12	24	1	31,540	2,390.25
"	49	32.85	13.65	22.70	1.00	25.58	24	1	25,490	1,796.79
Galt	58	32.58	12.25	21.20	39.82	44.55	21	1	22,820	1,556.39
Lambert		39.61	15.92	17.95	18.67	50.00	15	1	17,390	854.39
Waterloo	68	41.08	17.27	23.60	-	28.87	30	1	26,410	1,716.59
Ayr,	68	39.30	17.68	25.80	40.37	41.96	21	1	27,350	1,457.30
Bright,	75	38.42	14.27	22.00	39.83	51.71	18	1	21,800	1,449.65
Seaforth	113	50.15	30.98	22.70	23.71	46.57	22	1	26,800	2,027.48
Forest	146	50.30	18.68	19.79	29.99	60.00	17	1	18,810	1,031.06
Totals -		$440.52	$193.52	$252.96	$207.79	-	242	12	266,550	$17,330.06

Costs per Cwt. (Cents):

16.54 07.26 09.41 14.45

Percentage of Total Returns:

2.54 1.12 1.46 2.32

Total Market Costs as percentage of Total Returns.

5.12

2. Eighteen Shipments

Total Returns	$29,099.53
Weight	484,230 lbs.
Total Selling Cost ...	$ 1,948.89
Average Cost per cwt...	40.25 cents
Selling Cost as percentage of Total Returns	6.7%

	6 Individual Shipments.	12 Co-operative Shipments.
Cost per cwt.	26.79 cents	47.51 cents
Selling Cost as percentage of Total Returns	4.71%	8.45%

3. CLASSIFICATION OF SHIPMENTS BY WEIGHT.

Co-operative Shipments.				Individual Shipments.		
	Mileage	Weight	Cost per Cwt. (Cents)		Mileage	Weight	Cost per Cwt. (Cents)
Inwood		8,890	55.55	Uxbridge	40	19,625	30.77
Duntroon		11,680	52.18	Desboro		25,200	30.93
Lambert		17,390	50.00	Guelph	49	25,490	25.58
Forest	146	18,810	60.00	Waterloo	68	26,410	28.87
Clarke		19,430	44.43	Guelph	49	27,690	23.85
Bright	75	21,800	51.71	Guelph	49	31,540	23.12
Galt	58	22,820	44.55				
Anlin Mills		23,035	47.52				
Seaforth	113	26,800	46.57				
Ayr	68	27,350	41.96				
Bright	75	28,180	43.22				
Elmvale	87	31,830	49.20				

It is intended by the above analysis to present a general view of the relation which market expenses bear to the returns from the sale of stock, and to indicate the proportion of these charges assignable to the main agencies in the disposition of Ontario stock through the Toronto Stockyards, the railways, stockyards, and commission merchants, and in the case of co-operative shipments, the shipping agent and the services of the co-operative company. While the Inspection Risk Deduction chargeable against all cattle and hogs is shown in United Farmers' Co. statements as a deduction from the total returns, it is included in the classified costs analysis as a selling cost since it is a deduction from the market price of the animals.

Between individual shipments charges vary according to distance shipped and the time the shipment remains on the yards before it is sold. From Table 3 above it appears that charges on heavy shipments are slightly lighter than charges on shipments of, or below, the minimum weight of 20,000 lbs. per car, although it will be observed that other factors are responsible for wider fluctuations in the market costs. The following table of railway rates (1921) will illustrate the spread between transportation charges from representative Ontario shipping points:

(6)

Freight Rates on Cattle, September 1922.

To Toronto From	Miles	Rate per Car.
Kemptville	233	$49.00
Ailsa Craig,	118	40.00
Seaforth	113	38.00
Alliston	65	26.00
Woodville	62	29.00

(6) Livestock Letter, September, 1922, Pub. by I & D.C. of C.M.P.

For these reasons this analysis cannot be said to afford an exact presentation of average costs of marketing Ontario cattle. The number of available examples is too small to eliminate the influence of the variables mentioned, but it must be considered as demonstrative of the relations generally existing between the factors involved.

Narrow as this investigation is, however, the results compare favourably with the results of more extensive investigations of marketing costs for cattle under similar conditions in the United States. The United States Bureau of Markets in the period 1917-1918 conducted an investigation into the costs of marketing cattle from the chief producing sections in the United States. The summary of their report and a statement of costs of marketing mixed grades of United States cattle from an average distance of 117 miles are given below, together with a summary of the analysis of Ontario marketing costs.

	Ontario Shipments	Summary U.S. Investigat'n	U.S.Mixed Grades.
No of Cars	12		9
Average length haul	40-146 Mi.		117 Miles
Average car sale weight .			16490
Freight cost per cwt.....	.16 54		.13 6
Stockyards Costs	.07 26		
U.S. (Feed Cost.....		.03 5	
U.S. (Other Charges		.02 - .03	.03 0
Selling Charges	.09 41	.04 8 _.07 7	.07 7
Total Market Charges	.33 21	x 28 5	27 2

x Mixed Cattle average haul 172 miles.

From the context of the United States report it appears that the item "Other Charges" consists chiefly of stockyard charges which when added to feed charges bring the United States stockyards charges to $5\frac{5}{}$ - $6\frac{5}{}$ cents for the average of all shipments treated and 5 $\frac{9}{}$ for mixed grades.

When it is considered that 1917-1918 railway rates and feed charges were considerably lower than at the present time, it is seen that these market costs for Ontario cattle are very similar in amount and proportion to those compiled for American cattle under analogous conditions. The division of costs between the three chief marketing agencies is in almost exactly the same proportions for Ontario and United States cattle. Of the total marketing costs, transportation charges were 50 per cent. in Ontario and 50 per cent. in the United States, stockyard costs were 22 per cent. in Canada and 21.8 per cent. in the United States, commission men took 28 per cent. of the costs in Ontario and 28.2 per cent. in the United States.

Efforts made to obtain information on marketing costs of Western cattle on the Winnipeg market were unsuccessful. No comparison can therefore be offered of Western conditions with those prevailing in Ontario, such as has been made above between Ontario and United States costs. From correspondence with the Live Stock Department of the United Grain Growers, Limited, at the St. Boniface yards, the impression has been gained that marketing costs for Western stock are to some extent higher and vary more widely on individual shipments than in Ontario, chiefly on account of the greater shipping distances. This factor affects costs in two ways. Directly, the spread between lowest and highest transport costs is much greater. Indirectly, shipments from longer

distances suffer from a greater uncertainty as to the time of their arrival, more often reaching the yards too late for one week's market, necessitating their retention over the week-end at an increased cost of feed to the shipper. The importance of this factor in determining stock-yards' charges is indicated by the following statement.

(7) "A shipment reaching these yards (Winnipeg) Friday night might be held until Monday, before being sold, at a feed and yard expense of approximately $35.00, while a shipment might come in from the same point Monday and be sold on Tuesday at a cost of $20.00."

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(7) Letter from Mr. O.Freer, U.S.S.Ltd., St. Boniface, Man.

CHAPTER V

THE FUNCTIONS AND PROBLEMS OF THE DOMESTIC MARKETING SYSTEM.

1. The Central Market
2. Co-operative shipping and Marketing
3. Government Regulation
4. Live Stock Grading.

1. THE CENTRAL MARKET

From the preceding description of marketing methods the functions performed by the Stockyards and Live Stock Exchanges, in facilitating the passage of live stock from the producers to the consumer, may be distinguished. Briefly stated they fall under five heads:

1. The central market is the main source of supply for packing houses and abattoirs.

2. It renders possible purchase of stock for private slaughter by local butchers in large centres of population.

3. It is a convenient market from which the export buyer or dealer may obtain his supplies.

4. It is a centre for collection and shipment of stock from one section of the country to another.

5. It makes possible extensive re-distribution of breeding or feeding stock among producers.

In the first four of these functions the central market is the distributing centre in the marketing chain which links areas of production with centres of consumption. Under modern economic conditions the existence of such centres, where buyers and sellers can meet, where information as to supply and demand can quickly be made known not only for the local market but for distant centres, and where the daily activities of buyers and sellers are in large enough volume to serve as an accurate barometer of market conditions, is essential to maintain a flow of supplies of sufficient volume and steadiness to keep non-agricultural areas supplied, and to make economically feasible the production of surplus stock in areas distant from consuming centres. When used for the third and fourth purposes mentioned the central market is essential for the detection of temporary or seasonal scarcities or surpluses in different areas, and the quick diversion of surplus stock to take advantage of scarcity prices.

In the last case the central market may be termed an agent of production in bringing together those who own stock which they have not the supplies or equipment to finish properly for the market, and those who have greater resources for finishing stock than the numbers they raise can consume. (1) The importance of this function in stimulating live stock production has been recognized by the Dominion Live Stock Branch which, in order to stimulate this trade, inaugurated the payment of farmers' travelling expenses to stockyards for the purpose of buying breeding and feeding stock. Under this policy, begun in Western Canada in the Fall of 1916 and in Eastern Canada in May, 1918 for female breeding stock only, 60,153 head of steers, 48,979 head of heifers and 21,050 head of sheep were bought up to December 31st, 1919. Further, in September, 1917, the Department began paying part of the freight on female breeding stock bought on stockyards by farmers. To December 31st, 1919, 58,315 heifers and 51,308 ewes were bought under this plan.

The services required to perform these essential functions absorb a very nominal proportion of the value of the animals. Stockyard and selling fees represent only 2.6 per cent. of the selling price of cattle. When the many services necessary to distribute stock through the central markets, and the specialized skill in selling and knowledge of market conditions demanded of commission men are considered, the economy of marketings through central stockyards becomes apparent. The percentage of value thus absorbed should compare favourably with the costs for similar distributive organizations handling other commodities. It is doubtful whether stock can be handled more economically and as satisfactorily by any other method.

The chief complaints leveled against the central marketing system have been that stockyards are controlled by

(1) Sess. Pap. Vol LVll No.5, S.P. No.15, pp. 32-33.

meat packing interests who have used them to raise charges against the producer and that commission men have discriminated against small butcher buyers. (2) That the packers do control some stockyards has been admitted. In 1919 the Armour, Morris, and Swift interests of Chicago held 52 to 53 per cent. of the stock of the Toronto Union Stockyards Co. and the Harris Abattoir 23 or 24 per cent. The fees on the stockyards are now regulated and supervised by the Dominion Department of Agriculture so that it is reasonable to suppose that they are kept within proper limits.

That commission men are less willing to sell a single animal out of a shipment to a butcher buyer than they are to dispose of stock by the carload is also admitted, but the reasons for their reluctance is plain. The sale of a single animal involves as much work for the commission man and his clerks as the sale of a whole carload. When he is trying to sell a carload of mixed grades he depends on the best cattle among them to facilitate the sale of the rest and help in securing better returns on the remainder, and is loath to sell one or two of these to occasional butcher buyers. He therefore asks a higher price of the small buyer than he would take for the animals, if sold with the rest, to compensate for the advantage he loses. Butcher buyers still take a considerable number of animals on Canadian yards, however, 7.2 per cent. of cattle, 24.9 per cent. of calves, 9.1 per cent. of hogs and 17.9 per cent. of sheep. The reason they do not buy more is not so much the unwillingness of the commission man to sell as it is their own inability to utilize the wastage from slaughter, their lack of facilities to handle animals, and a

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(2) Cost of Living Commission 1919. Evidence of Mr.F.C.Fletcher President Toronto Union Stock Yard Co.

natural reluctance to undertake the additional work of slaughtering when they can obtain their meat, without exertion on their part, from the packing house and abattoir. Little or no results can be expected from schemes to displace or provide a more economical substitute for the central market as at present organized. Care and experience will always effect savings, but 2 1/2 per cent. is a small charge for the important service of maintaining contact between the producer and the buyers of his wares, a service which the central market alone is qualified to perform under present conditions of production and consumption.

2. CO-OPERATIVE SHIPPING AND MARKETING

The advantages of co-operative shipping are chiefly for the small producer of stock. The man who raises a comparatively small amount of stock cannot place it directly on the central market, because he never has enough stock ready for market at the same time to fill a car. If no shipping association exists he must sell his stock either to a local butcher or drover. In dealing with the latter he is at a disadvantage because his knowledge of market conditions can never be as good as that of the drover who spends his whole time in buying and selling cattle. If there is only one drover in a district, as frequently happens, the farmer must take the drover's offer or he has no outlet for his stock; if there is more than one drover in a district they are still able to play off one farmer against another as they drive through the country while the farmer, tied to his farm, knows little of the state of supply even in his own neighborhood.

With co-operative shipping the farmer is independent of the drover; his stock is placed directly on the central market, and he receives the full market price for it. Coming in closer contact with market conditions through his own shipments, the farmer is more likely to learn when he may expect the best prices for his stock, and to plan his feeding to have the stock ready at such times. He will also learn what classes of stock bring the highest prices, and obtain an idea of the type he should work to produce. If the shipping association has a competent shipping agent, he will be in touch with the markets and will advise the shippers what the best time will be for making their shipments. Thus co-operative shipping gives the farmer the services of an expert commission man in selling his stock on the central market, besides the advantages of an

immensely wider market, and it gives him an insight into the requirements of the market which he must meet if he is to get the highest returns for his work. It has been patronized most extensively by the smaller shippers.(1) "During the year 1916 when co-operative shipping was first started by the United Grain Growers the average number of shippers per car was four while in 1920 it was eight and in a great many cases there were as many as twenty owners in a car."

While its beneficial effects are unquestioned co-operative shipping has its weaknesses. To be most effective it must embrace as nearly as possible all the producers within the area covered by each association and must be loyally supported by every member in order to obtain frequent shipments and full carloads. There is a tendency for farmers either because they obtain a temporary advantage by so doing, or because the times arranged for shipments do not suit them, to market their stock with drovers or through other channels. Drovers in order to break up an association will frequently raise their prices temporarily to lure farmers away from it. Again, co-operative shipping does not place its patrons on an even footing with large producers who ship direct to the market. The shipping agent's commission and other co-operative costs under the system in Ontario amount to 2.34 per cent. of the sales value of cattle, a charge very little less than that for transportation. For the services involved which are largely of a routine nature, collecting, loading, and weighing cattle, this is a heavy burden relative to the other market expenses, and should be amenable to a considerable reduction.

The present co-operative shipping movement, like other farmers' co-operative movements in the past, has received

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(1) Report of Co-op. L.S. Shippers Conv. Winnipeg, 1921.

its chief impetus in a time of depression when farmers were faced with an imperative necessity to improve their marketing customs. It remains to be seen whether under improving conditions the movement will be able to hold its ground, when the immediate necessity for economy is no longer felt so strongly, and individual farmers will be tempted to break away from the organization whenever they see a temporary opportunity to gain thereby. In this connection the decline in the proportion of stock handled by the United Farmers Co., as indicated below,may be significant.

Percentage of Total Receipts,Toronto, Handled by United Farmers' Co.

Year	Cattle	Calves	Hogs	Sheep
1921	28.7	28.7	35.5	31.7
1922	20.7	25.5	43.1	27.4

CO-OPERATIVE CATTLE MARKETING

Those who are interested in promoting the co-operative system of cattle marketing claim for it that besides being a step in advance in co-operative action, it possesses the further advantage of offering inducements to large, as well as small, producers to participate in it. The plan of marketing adopted by the United Grain Growers has two distinct phases. The first, the sorting of stock into carload lots of uniform grade is a function performed in the past by some dealers on both American and Canadian yards who make their living from the higher prices which can be obtained from packers for large blocks of cattle of uniform quality. The second phase is the shipment of cattle thus treated from the primary market to other markets where prices for the particular grades shipped are temporarily high enough to yield a profit over the added costs of transport and sale.

The first phase, briefly, presents the stock in a more salable form on the primary market, the second gives producers of each section of the country the profits to be obtained on the wider market thrown open to them by the re-shipment plan. Both phases seek to displace the dealer or speculator in whose hands the business of grading and disposing of surplus stock on "primary" markets has rested. The grading service is presented as an advantage to the large producer because while he is able to ship his stock in carload lots, he seldom has large enough numbers or the requisite knowledge of market methods to ship in carloads of uniform class and grade, while the re-shipment plan, for the same reasons is a service which very few large producers can undertake successfully on their own account.

The greatest advantages will probably accrue to small co-operative shippers under this plan, since such shipments made up from stock raised by different owners are more prone to wide variations in quality and finish than those of individual producers.

The scheme has not been long enough in operation for its success or failure to become apparent. Recent circulars of the United Grain Growers state that shippers under this scheme have realized as much as $5 per head more for their stock than if it had been placed on the open market for sale in unsorted lots. No definite judgment can be formed on such scanty grounds, however, yet some general speculation on the conditions which will make for its success or failure may be hazarded.

The plan of graded sale seems sure to yield some return to the producer. It is based on a good footing and the profits to be realized have been proved by those dealers who

have engaged in it on their own account. It is eminently fitted as an enterprise for co-operative action since the element of speculation is not present and the services of grading and valuation can be reduced to a routine. The re-shipment plan is more ambitious, and the capacity of a co-operative organization to realize uniform profits for its patrons,which alone can hold their allegiance, is open to grave doubts. The speculative element in such shipments is always present, and, as the United Grain Growers admit, private speculators have often taken heavy losses on similar enterprises. There is no reason to believe, and every reason to doubt, that the men in charge of the co-operative enterprise will show more sagacity and alertness in detecting the market trend in different centres than do those whose private interests are involved. Against this unfavourable aspect must be balanced the advantages which can be built up if a sufficient volume of business can be attracted to maintain a steady flow of shipments, and warrant the establishment of representatives of the co-operative company on eastern and United States markets to keep abreast of market conditions in each centre and to look after the interests of the company there. This last advantage the United Grain Growers already possess as far as Western Canadian markets are concerned. The scheme is sound in a further respect because it follows the lines already developed by private enterprise and avoids any new and untried methods. If men already trained in private business are in charge of its operation, its chances of success should be greatly enhanced.

(2) The extent to which co-operative selling can be carried with profit to the producer can only be determined by experimentation. To obtain the advantages of co-operation farmers must be educated to act in concert with their fellows; the services which the co-operative movement takes over from drovers, dealers, and speculators, must still be paid for; it depends on the efficiency of co-operative administration whether the co-operative company will perform those services more cheaply than the private firms with which they come in competition. To do so requires close application to detail on the part of those at the head of the movement, and unwavering support from the rank and file of the farmers. The rock upon which every similar movement in the United States has been wrecked is politics and the present movement in Canada is endangered by the same thing. When farmers are once organized the temptation is always to seek a political panacea for economic ills. In the rush to vote themselves into prosperity, leaders and followers alike neglect the sure but more laborious method of working out their problems in the business field. If co-operation in Canada can avoid this pitfall, there is no reason why it should fail. The packing interests in Canada look with favour on co-operative marketing because they hope it will make available larger supplies of better-quality live stock when farmers learn through it the value of the better classes and grades, while it does not interfere with their interests as it displaces only the dealer in live stock.

In the realm of economic ideas co-operative shipping and marketing occupies an interesting place. It appears to be

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(2) Mr. S.M. Todd, Secretary Ind. & Devel. Council of Canadian Meat Packers.

a compound of several tendencies new and old. It takes its rise from the widespread modern feeling that the work of distribution should be simplified to minimize the number of hands through which commodities pass on their way from producer to consumer, and from the tendency in modern industry to bring under one control as many successive stages of production and distribution as possible. Save that the process is reversed, the scheme of co-operative marketing with valuation of commodity at current market prices and the distribution of profits accruing to the system on the basis of this valuation, embodies the central idea on which the English Co-operative Movement is founded. While in its development as a number of independent producers associating themselves for purposes which can best be obtained in common, we may ~~distinguish~~ discern a remarkable similarity between the ideas of the [illegible] co-operative movement and those which actuated the Mediaeval guilds.

3. GOVERNMENT REGULATION

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(1) On comparing the available information on the operation of stockyards and live stock exchanges and the manner of conducting business on both Canadian and United States yards under uncontrolled private management with the regulations framed by the Dominion Government for their conduct, it appears that the latter simply follow the best practice of the former. The precautions taken by the government to prevent unfair dealing were already embodied in the by-laws of Live Stock Exchanges and the common practice of the market. What the government regulations did was to provide that these precautions should be enforced and that the best practice should prevail. The regulations and the supervision carried on under them are intended not to bring into effect any radical reform, but to restrain the occasional unscrupulous dealer and to allay suspicion which arose quite naturally in the minds of farmers at a distance from the scene of marketing activities who could have no sound knowledge of conditions there, suspicions which were founded on the actions of a very few dishonest dealers or on entirely baseless and unsubstantial rumours.

The activities of the Live Stock Branch in compiling and making public market information by daily average quotations in local newspapers, and in summarizing and presenting in comprehensive form the trend of market conditions throughout the Dominion in its weekly, monthly, and annual reports, is of vastly greater importance. The dissemination of facts in a

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(1) The American Live Stock Market; Arthur C. Davenport and Evidence of Messrs. Fletcher and Mooney before Cost of Living Commission, June, 1919.

related form through a disinterested and impartial channel helps to eliminate guess-work, dispel wrong impressions and enables all who are willing to avail themselves of it to conduct their business with more intelligent appreciation of the problems they must face.

4. LIVE STOCK GRADING

Live Stock grades have been defined as an expression of consumer's preference for the quality of meat yielded by the different grades and classes. As such they are an important index to the producer of the type of production which is required. Quality, however, cannot be perfectly expressed by any scale of grades as it indicates differences in degree rather than in kind. Live stock grades are not therefore sharply defined and there is always a considerable variation in quality within each grade reflected in a variation in prices paid. There is a distinct difference, however, in the finish and breeding of different grades and the grading is of immense value in facilitating the work of selling and buying on the markets, and is indispensable in conveying market information from one market to another or to the producers and dealers in the country. But because of the difference in quality admitted in each grade, buyers are unwilling to make an offer for a particular grade of animals until they have seen the lot on which they are asked to bid and have had an opportunity of gauging their quality.

This objection has always been urged by dealers and live stock men against all plans to grade animals in standardized grades by government action. At first sight it would appear that this obstacle would prove fatal to the Dominion scheme of hog grading, but it must be remembered that the packers who are the chief buyers were the progenitors of the plan, and have declared their willingness to accept the grades as laid down, which they were instrumental in framing. The question is, then, whether producers will be willing to sell their stock on this basis. In Ontario where large numbers of

of the export type of hogs are raised, the producer will find little to grumble at in the regulations, but in the West the export market is unimportant, and the export type is very scarce. The regulations framed with a view to eastern production are thus somewhat unsuited to Western conditions and the Western farmers are in the main strongly opposed to the system.(1)

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(1) From Superintendent, Dominion Hog Grading Service, at Toronto.

CHAPTER VI

EXPORT MARKETING

A. The British Market.

1. The Embargo
2. Methods of Selling Cattle in Great Britain.
3. Cost of Marketing Canadian Cattle in Great Britain.

B. The American Market.

1. The Tariff
2. Methods of Selling Live Stock in the United States.
3. Marketing Costs in the United States.

A. THE BRITISH MARKET

1. The Embargo.

The embargo laid on Canadian cattle in 1892 by the Board of Agriculture and embodied in a statute of 1896 provided that Canadian cattle would only be landed at certain ports, Birkenhead, Merklands (Glasgow) and Deptford (London) among them; there the cattle had to be kept in special lairs or yards until slaughtered, which had to be done within ten days of landing. After the war, Birkenhead and Merklands were the only available ports; Deptford remained under the control of the War Office, and this condition added the expenses of a comparatively long rail haul to the cost of Canadian meat placed on the big London markets.

The recent Importation of Animals Act, December 15th, 1922, relaxed the embargo to permit the import of Canadian store cattle to Great Britain under strict regulations. It provided that store cattle would be admitted from Canada which had complied with the following regulations:

(1) They must be indelibly marked as the British Minister of Agriculture directs and be shipped in an inspected vessel suitably equiped for carrying cattle.

Cattle for three days immediately before shipment and during shipment must be kept separate from other animals and must have been found free from infectious disease on daily examination by Dominion Veterinary Officer.

The vessel during its voyage may enter no port outside of Great Britain and must land cattle at an approved port. On landing the cattle are to be isolated until examined and a license given for their removal. In event of any disease being found all cattle in the landing place must be slaughtered, without compensation.

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(1) 13, Geo.V, Ch. 5, Imperial Act.

The privilege may be withdrawn as the Minister may deem necessary should he have reason to believe that disease exists in Canada.

(Store cattle are defined as bovines incapable of breeding intended for feeding purposes and not for immediate slaughter.)

The Minister may conditionally authorize the landing of cattle other than stores in accordance with what regulations he deems necessary to avoid disease. Such cattle must be effectively tested for tuberculosis by a qualified Dominion officer. All cattle are to be subjected to inspection at the port of landing for which a fee of sixpence a head is levied.

None of these regulations impose any onerous burdens on shippers. (2) The Canadian inspection is provided free of charge by the Dominion government, and as the three days quarantine may be spent in transit from the interior, little or no extra expense for feed need be incurred on this account.

The movement of store cattle once landed is strictly regulated.

They can only be moved to places authorized by the license issued by the British veterinary inspector which must be either a market or part of a market authorized by the local authority of a district for their use or to premises including a slaughter house other than an authorized market. This license is only good for five days including the date of issue, and cattle must be moved by the most direct routes to their destination only leaving the trucks for feed and water.

Cattle arriving at premises other than a public market must be detained there for six days unless licensed

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(2) Comm. on Agric. Cond., No.2, p.21-22, Dr. Grisdale.

to move by a local inspector or unless moved to a slaughter house or to a vessel for export. Cattle may be held for a period of 72 hours in authorized lairs or enclosures awaiting sale, at an authorized market where they must be kept separate from all other animals.

While at first glance it appears that these regulations will seriously restrict the natural movement of Canadian stores to British inland markets, this need not be the case as the same regulations apply to Irish store cattle in the British market, and under them Irish cattle to the number of 700,000 head are sold annually in Great Britain. If British authorities take up a sympathetic attitude toward the import of Canadian stores these regulations should not prove an obstruction to the trade. That they will do so it is too early to say, since the embargo has only been lifted since April 1st, 1923, but reports of the reception of Canadian stores in Great Britain and the presence of British buyers at Canadian Live Stock markets, point to a more favourable view of the trade by British interests than has existed in thepast. However, a newspaper report at the beginning of April, 1923, dashed the hopes of those who expected to move fat cattle to inland markets for slaughter. This was a definite statement by the British Minister of Agriculture that fat cattle would not be admitted on the same terms as store cattle. A careful reading of the Act of 1922 discloses a careful distinction between store cattle and fat cattle for immediate slaughter. The new regulations thus leave fat cattle subject to all the restrictions and disadvantages of the old embargo.

(3) As Canadian 'fat' cattle are usually not so well finished as the British home-grown stock, and can often be disposed of as stores more advantageously, the Department of Agriculture is recommending that all Canadian cattle be shipped as stores so that they can be moved as stores to the interior or be slaughtered at the port of landing according to their condition and the state of the market on their arrival. The only disadvantage in this procedure is that as stores cattle cannot go through Portland or other American ports in the Winter months.

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(3) Comm. on Agric. Cond., 1923, Dr. Grisdale, No.2, p.26.

2. Methods of Selling Canadian Cattle in Great Britain. (1)

The movement of Canadian cattle to Great Britain may be divided into two stages, the methods of forwarding cattle from Canada, and the methods of disposing of them in Great Britain.

Shipment is made from Canada by four classes of exporters. The first is the Canadian Commission firms and dealers of whom the most important in Ontario are the Harris Abattoir, the United Farmers' Co-operative Company, and the H.P. Kennedy Company. The second class of Canadian exporters is farmers' organizations. While these latter are not possessed of as much experience as the former class, their shipments when handled by Montreal brokerage firms have been very successful. An amendment to the Live Stock and Live Stock Products Act before the present Session of the Dominion Parliament proposes to regulate and encourage the organization of such farmers' export organizations.

There are two classes of British buyers purchasing on the Canadian market. One of these is composed of British commission firms who buy stock on a C.I.F. basis (cost, insurance, and freight paid to destination) The other consists of British buyers who have their representatives on the Canadian markets purchase the cattle at the Canadian market price and forward them to Great Britain. A news despatch of January 30th,1923,records the formation of The Anglo-Canadian Store Cattle Shipping and Trading Company, in London,

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(1) From U.G.G. Ltd., Report on Live Stock Marketing in Great Britain and 'The British Market for Canadian Fat Cattle.' Dom. L.S. Branch.

England, to carry on business of this character. This class of shippers has come into the market since the lifting of the embargo, and represents a new development in this branch of the Export Trade.

(1) The brokerage firms at Montreal are a very necessary link in the chain. It is to them that shippers from a distance apply to obtain space on shipboard. They secure the space wired for under a twenty-four hour option, and then reply stating terms. If acceptable the shipper confirms his original wire. These reservations may be made two months in advance of the time of shipment. When it arrives, the shipper forwards his cattle to his broker, who supervises the loading and stabling of the cattle, sees that proper provision is made for feed and attendance on the voyage, and arranges for their insurance, and consignment to British commission firms. When the cattle are sold the returns are forwarded by the commission firms to the broker who forwards them less his expense account to the shipper. For these services the broker charges a nominal fee of fifty cents a head.

He is also, however, paid by the steamship companies for securing them business, acts as agent for the insurance company, and usually has a connection with commission firms at the British ports. In a word he is the pivot on which the whole transaction turns. His function is to act as intermediary between a number of men who have their business at a distance from one another, and are unknown to each other, receiving from each a commission which represents a payment for his special knowledge,and business connections.

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(1) Comm. on Agric. Cond. 1923. No.4, Mr. D.A. Campbell.

Sale of Fat Cattle in Great Britain.

Fat cattle are sold either at Liverpool or Glasgow. At Liverpool the Birkenhead docks are owned by the Mersey Dock Board; they provide separate lairage, slaughter, and refrigerator facilities for Canadian, Irish and English cattle.

Cattle may be sold either by the owner or by a British commission firm acting as his agent, the latter being the most usual method.

They are sold in three ways:

1. Live cattle are sold by the head without scales on simple appraisal.

They are usually sold on a dead weight basis, however.

2. Sides of meat sold alone or "net". The offal is sold to a different buyer.

The commission firms make three months' contracts with regular dealers to take all offal from cattle sold in this way.

3. The carcasses are sold "in sink" including the offal.

There is no organized slaughtering concern; in the two latter methods the men who do the killing are paid on a per head basis by the seller.

The exporter may sell the meat either in the Liverpool market or in London at the Smithfield or Aldgate markets. If the meat is sent to London it is loaded into ventilated cars with no refrigeration, the half carcasses being piled with the edges down against one another. The only protection afforded the meat is by wrapping it in canvas cloth known as "covers" on which a rental is charged. It is put on the Smithfield or Aldgate Market in booths the meat hanging in the open air. At 3.30 A.M. sales begin and the day's

offerings must be disposed of by the afternoon. As a result prices often fall 5 cents a pound at the end of the day, because held over meat will only fetch a lower price next day. The lack of refrigeration and proper protection for the meat on the market often causes quick deterioration in the summer months. It is a risky market to deal on, and success can only be expected when all the factors are well-known. These complicated methods of sale will make it necessary, if the trade is to have any permanence, for Canadian shipping organizations to have experienced representatives at Birkenhead.

Methods of sale at Glasgow are quite different. Here most of the animals are sold at auction by the head. Commission firms number and sort the cattle they have to sell. When the market opens the cattle are driven into the ring by ones and twos. No scales are used but these are soon to be installed. Each commission firm is allowed 20 minutes in turn to auction its cattle so that none may be at a disadvantage.

The cattle may also be slaughtered and sold on a dressed weight basis, either "net" or "in sink" at the discretion of the owner or his agent, but the practice is not as common as at Birkenhead.

Methods of Selling Store Cattle.

The following description of selling methods for store cattle is largely a forecast made by officials of the United Grain Growers, Limited, from a study of selling methods for Irish store cattle in 1921.

Store cattle are landed at authorized ports; among these are Glasgow, Dundee, Birkenhead, Cardiff and Hull. There they would be offered for sale privately or at auction. The

remainder would be forwarded by rail to inland markets. Cars or "wagons" are small and carry only 8 to 12 head. Freights are high especially since the war and with the tolls on the markets make a considerable item. Market days which are held in most English country towns are advertised in Agricultural or Meat Trade Journals. They are chiefly attended by local farmers but drovers and buyers from other districts are also present. In England, Lincoln and Norfolk would be the important districts for the sale of Canadian stores and the Midlands would be second. The Southern Counties offer a less favourable market as they do not like the Shorthorn or Hereford cattle but will take only Devons and South Devons. Scotland will take Canadian stores in all the eastern and southern counties; the chief markets are at Aberdeen, Dundee, Perth, Stirling and Edinburgh.

At the English country market, sale is effected by private treaty or by auction. Stock sold at auction is sold from open pens in lots of from 2 to 6 head by owners or commission men. The stock is usually unweighed.

In Scotland the more important markets have covered pens and scales with large dials clearly visible to the buyers. This is only a guide to bidding, however; in all cases bids are made in pounds and shillings per head.

British markets are thus operated on entirely different principles from those which are followed on Canadian or United States markets. There is an absence of organization and mechanism which is strange to men familiar with markets on this continent. Selling and buying on the British market requires great reliance on individual judgment, and greater specialized knowledge of market conditions, and live stock

qualities. The development of the British export trade on this account is faced with all the special problems which attach to marketing any commodity in a foreign country in which conditions differ greatly from those in the producing country. The greatest obstacle is lack of experience on the part of exporting producers which will permit them to market their wares profitably in the export market. A contrast between the United States and the British market conditions brings the point out clearly. A Canadian dealer taking cattle to a United States market for the first time would have no difficulty in understanding the methods of handling stock which are exactly the same as on Canadian yards, nor would he find the method of grading difficult to understand since the principles are the same and the terminology differs very little. With his knowledge of Canadian markets he would be able to make a good sale of his cattle. But the same man taking a shipment of cattle to Great Britain would be utterly at sea. He would have no knowledge of the technique or market conditions and would have to trust to chance in getting his stock sold. In the same way a British buyer is at a heavy disadvantage when buying on the Canadian markets.

The solution of the same problem in other lines of commerce has been found to lie in the formation of strong business houses having in their employ men experienced in the conditions of the export market and others trained in the problems of the producing country. Such concerns have been the vital link in building up and maintaining permanent lines of international trade. It is not toc much to say that similar organizations must come into existence in the cattle trade if our trade with Great Britain is to have a permanent character. Whether such firms can grow up as subsidiary

companies or branches of our farmers' co-operative organizations or whether the force and enterprise of private business is necessary to make a success of such a precarious and complex trade cannot be foretold. If British capital is seriously interested in such an enterprise, as reports indicate it is, the advantage will rest with it, on account of the long experience which English business men have had in conducting international trade. Obviously it is no trade for the "in-and-outer". While the assistance of government officials must not be disparaged, their functions are limited to the advisory and consultative field. The important requirement in the sphere of technique for a permanent export trade is the vigour and resource of private enterprise in attacking and solving practical difficulties.

3. COST OF MARKETING CANADIAN CATTLE IN GREAT BRITAIN

The various items in the costs of shipping fat cattle to Great Britain are shown below together with the charges on account of each, obtaining at the present time. The cost per head is calculated for a 1350 pound steer.

(1) Items	Rate	Cost per Head
Bedding Cars		$ 0.04
Railway freight (To Montreal)		
Calgary, Alberta	$1.14 1/2 per cwt.	15.45
Prince Albert	1.13 1/2 " "	15.20
Moose Jaw,	1.10 1/2 " "	14.95
Winnipeg, Manitoba,	0.85 " "	11.50
Ontario (Central)	0.45 " "	6.10
Feed en route (Western)	$2.00 per head	2.00
Feed Montreal Stockyards		0.85
Loading on ship,		0.06
Wharfage		0.25
Brokerage	$0.50 per head	0.50
Ocean Freight	$20-25 " "	$20.00-25.00
Live Stock Insurance	3/4% of value	$ 1.75
Ropes, pails, etc.		0.28
Hay, meal and bedding (on ship)		5.88
Wages on ship		1.00
Liverpool:		10d
Customs dues	10d per head	1/-
Droving (boat to lairage)	1s " "	1/6-7/6
Lairage		
1st 24 hours	1/6 " "	
Each day after	6d " "	
Glasgow:		10d
Clyde landing dues,	10d per head	1/3
Master porterage	1/3 " "	2/-
Merklands landing charge	2/- " "	1/-
Droverage	1/- " "	
Lairage	2/6 per head	Max. 22/6
Each day additional		
Liverpool and Glasgow:		10/
Selling commission (on beef)	10/ " "	1/-
Tuberculosis insurance	1/- " "	

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(1) Return furnished by Mr. Thos. McMillan, Seaforth, Ont, and British Market for Canadian Fat Cattle, Dom. L.S. Branch.

These costs vary considerably for individual shipments in respect of feed charges on shipboard, and selling costs on British markets.

Most of the cattle received at Liverpool are slaughtered and sold as dead meat. Further charges are then incurred by the shipper as follows:

(2) Items	Rate	Cost per Head
Selling Commission	2 1/2 of sales value.	
Tolls	1d per head	1d
Slaughter:		
Gentile	5/- " "	5/-
Kosher	6/- " "	6/-
Carrying to Refrigerator	1/1 " "	1/1
Refrigeration	2/ " "	2/-
Market fees	3/6 " "	3/6

If sold as dead meat at Glasgow the charges are:

(2) Items	Rate	Cost per head
Killing	5/- per head	5/-
Killing dues	2/- " "	2/-
Chilling	2/- " "	2/-
Carting	5/- " "	5/-
Market dues	2/- " "	5/-

If the meat cannot be sold at Liverpool it must go forward to London involving the following charges:

(2) Items	Rate	Cost per head
Carrying to Railway car	1/6	1/6
Freight	3/8d per lb.	17/6
Cartage	1/ per head	1/
Tolls	14/6 " "	14/6
Shechita (Jewish Market Aldgate)	1:0:0 " "	1:0:0

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(2) Report on Live Stock Marketing in Great Britain, U.S.A. Limited.

(3) The Markets Branch of the Canadian Live Stock Branch estimate the total costs on an average shipment of cattle as follows:

	Per head
From Alberta and Saskatchewan,	$55.00
" Winnipeg	50.00
" Ontario	44.00

Ocean rates considered as $20.00 per head.

(4) The selling methods for store cattle in Great Britain are slightly different from those for fat cattle as has been shown above. The Canadian authorities estimate the cost of handling these cattle as follows:

From Saskatchewan and Alberta	$55.00 - $60.00
" Winnipeg	45.00 - 50.00
" Ontario	33.00 - 40.00

From the detailed statement above it will be seen that the heaviest items of expense are the freight to seaboard and the freight and feed charges on the ocean. A comparison of the per head costs on two shipments of fat cattle from Ontario to Glasgow, one made in July 1897 and the other in July 1922, shows the advance in marketing costs in relation to total returns in the post-war period.

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(3) Committee on Agric. Cond., Mr. P.E. Light, pp.374-5.

(4) Ibid. Mr. H.S. Arkell, pp.32-34.

(5)

Items	Cost per Head 1897.	1922
Bedding Cars	$0.03 2/3	$0.04
Railway freight	3.11	6.11
Feed, Montreal Stockyards,	0.17 2/3	.85
Loading on ship	0.07	.06
Wharfage	0.13	0.25
Ocean Freight	$7.50 - $15.00	$40.00
Live Stock Insurance	0.60	1.75
Ropes, pails, etc.,	0.08 2/3	0.28
Feed and bedding on ship	2.20 1/3	5.88
Wages on ship	1.00	1.00
Glasgow:		
Shore dues	1/-	2/-
Feed (5 days)	5/-	10/-
Lairage	2/-	4/-
Droving	1/-	2/-
Selling Commission	5/-	10/-
Tuberculosis Insurance		
Total Cost, Total Returns	$21.56 - $29.06 £ 19: 10: 0	$62.74 £ 41: 0:0
Rate of Exchange	$4.86	$4.50

The 1897 costs represent the average costs for the period from 1890 to 1914. In 1894, a Member of Parliament engaged in the export business made the following statement regarding his marketing expenses:

Costs	Per Head
To ship	14/-
Ocean Freight	50/-
" Insurance	5/-
" Feed	10/-
British marketing charges	20/-
Total	$25.00

(5) Return from Mr. Thos. McMillan, Seaforth, Ont.

(6) In 1912 the cost of shipping cattle from Calgary to Great Britain was stated as from $28 to $32. Referring again to the detailed comparison above, it will be found that when returns and marketing costs are converted to Canadian currency at the existing rate of exchange the total return in 1897 was 7.1 cents per lb. (both shipments consisted of steers averaging 1350 pounds apiece) marketing costs, 1.6 cents a pound, which composed, consequently, 22.5 per cent. of the total returns; in 1922 returns were 13.6 cents, marketing costs 4.65 and 34.2% of returns. While this shows that marketing costs were 52 per cent. higher in relation to the value of the cattle it is to be remembered that the ocean freight on this shipment was double that obtaining in March, 1923. Substituting the 1923 rate for the July 1922 rate and basing the value of the animals on the[7] March, 1923, Glasgow quotations, since the value of cattle on the British market is an important element in determining ocean freight rates, it is found that the cattle would be worth 12 cents a pound, the cost of marketing 3.27 cents a pound and 27.8 per cent. of the total returns. This represents a reduction in marketing costs to 23 per cent. higher than the pre-war ratio to British cattle values. While expenses are still out of proportion to returns it appears that rail freights and feeding charges become as important a factor in maintaining this condition, as ocean freights when the latter are at present rates. The railway rates become increasingly

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(6) Mr. S.W. Lane, at L.S. Convention, Ottawa, 1912.

(7) British cattle quotations Markets Branch March 15,1923.

important if shipments of Western cattle are considered. Since ocean rates are beyond the power of the Canadian producer or the Dominion government to control, as will be shown later, the most feasible method of bringing marketing expenses into line with cattle values appears to be a reduction in railway rates on export shipments of cattle. This policy has been hinted at in discussions in the Special Committee on Agricultural Conditions on a through rate for the many Western cattle which are fed in Ontario for some months before export. Whatever practical difficulties or objections from the standpoint of the railways exist, this is the only relief which exporters and producers can seek with any hope of success.

B. THE AMERICAN MARKET

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1. The Tariff

(1) In 1921 the Emergency Tariff placed a duty of 30% ad valorem on all cattle entering the United States. The Fordney Tariff changed this to 1 1/2 cents a pound on cattle under 1050 lbs. and 2 cents a pound on cattle weighing more than 1050 lbs. On a 1000 lb. steer the duty would be $15.00 and on a 1200 lb. steer $24.00. The tariff bears most heavily on western cattle and on the heavier grades.

At the average prices for the week of April 12th, 1923, the duty on a 1000 lb. steer from Winnipeg was 25 per cent. of its value at Winnipeg and on a 1200 lb. steer 34 per cent., while the duty was 22 per cent. of the value of a 1000 lb. steer at Toronto and 25 per cent. on a 1200 lb. steer.

2. Methods of Selling Live Stock in the United States

Shipments from Canada to the United States are either made by producers or drovers direct from country points to American markets or from Canadian stockyards by dealers or speculators. The tablesbelow show the proportion of stock sent by either method.

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(1) U.S. Tariff Comm. Cattle and Beef in U.S. p.84.

(1)

Exports to the United States
1919 - 1922

Cattle

Class of Shipment	1919	1920	1921	1922
Stockyards	260,135	116,464	75,874	130,364
Direct	193,471	120,178	61,113	59,396
Total	453,606	236,642	136,987	189,760
Per cent. from Stockyds,	57.4	49.2	55.4	67.6
" Direct	42.6	50.8	44.6	32.4

Calves

	1919	1920	1921	1922
Stockyards	29,315	31,453	3,582	9,580
Direct	49,388	42,975	54,021	18,140
Total	78,703	74,428	57,623	27,720
Per cent. from Stockyds,	37.2	42.3	6.2	34.6
" Direct	62.8	57.7	93.8	65.4

Sheep

	1919	1920	1921	1922
Stockyards	61,601	46,012	11,023	31,890
Direct	120,704	136,128	86,390	59,376
Total	182,305	182,140	97,413	91,266

The Montreal yards made the bulk of stockyard shipments of sheep:

1919	1920	1921	1922
55,093	39,581	10,028	24,005

Cattle shipments from Eastern Canada are chiefly butcher cattle and calves while from the Western Provinces

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(1) Review of Live Stock Market, 1922, L.S. Branch.

stockers and feeders predominate.

The United States Tariff Commission has summarized the division of Canadian exports between classes and sections in the following manner:

Stockyards' Shipments to the United States, 1920-1921

Year	Calves	Butcher Cattle	Stockers & Feeders
1920	21%	29%	50%
1921	18%	28%	54%

In 1920 practically all cattle from Toronto and Montreal yards were butchers and calves, and 80 per cent. of the cattle from Winnipeg were stockers and feeders. In 1920, 64 per cent. of U.S. exports, exclusive of calves, were stockers and feeders and in 1921 66 per cent.

Practically all Canadian exports to the United States are sold on central stockyards. The chief markets for "Western Canadians" are St. Paul and Chicago, while Ontario cattle find their most convenient market at Buffalo. The system of sale on United States Stockyards is the same as that in operation on Canadian markets, and need not be described.

3. Marketing Costs in the United States

Canadian cattle marketed in the United States fall into two divisions for purposes of computing market costs:

1. Eastern Cattle (chiefly mixed grades of Ontario cattle shipped to the Buffalo Market.)
2. Western Cattle (chiefly steers and feeders shipped through Winnipeg to St.Paul and Chicago.)

In considering costs of marketing cattle in the United States, the United States duty must be included with the usual marketing expenses as an expense which the Canadian shipper must meet if he is to place his cattle on United States markets.

For Ontario cattle the marketing costs computed by the United States Market Bureau for mixed grades of cattle shipped from an average distance of 117 miles have been taken on which the total charges are given as 27.2 cents per hundredweight. Adding to this the United States duty the cost of marketing eastern cattle totals $1.77½ per hundredweight for cattle under 1050 pounds and $2.27½ for cattle over 1050 lbs.

For western cattle marketing costs on steers from Colorado and Nebraska shipped an average of 593 miles were chosen as offering the closest approximation in distance and condition of shipment to that of Canadian cattle from Winnipeg to St. Paul and Chicago. However, as Winnipeg is approximately 500 miles from St. Paul and 850 miles from Chicago these costs can only be presented as rough indications of true conditions. (1) They are:

	Cost per cwt.
Freight	30.7 cents
Feed:	
In Transit	3.7 "
At Market	1.5 "
Other Costs	2.6 "
Commission	6.1 "

For all shipments of this class the total costs ranged between 43 and 46 cents per hundredweight.

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(1) Report of Fed. Trade Comm. on Meat Packing Industry, p. 152.

Marketing costs for Western cattle at St. Paul and Chicago may then be estimated at $1.96 per hundredweight for cattle under 1050 pounds and $2.46 per hundredweight for cattle over 1050 lbs.

It must be remembered that these market costs were computed in 1917-1918 when freight and feed rates were considerably lower than at present. Therefore a further allowance would be required to bring these costs up to the 1923 level.

Marketing costs for Western cattle at St. Paul and Chicago may then be estimated at $1.96 per hundredweight for cattle under 1050 pounds and $2.46 per hundredweight for cattle over 1050 lbs.

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PART III

MARKET CHANNELS AND PRICE DETERMINATION.

CHAPTER VII

THE BRITISH MARKET

1. Extent of the British Market
2. The Requirements of the British Market
3. Competition in the British Market
4. Ocean Transportation to Great Britain.

1. EXTENT OF BRITISH MARKET

The United Kingdom is the chief market for most of the world's surplus beef production. In the year 1913 Great Britain imported 9,200,924 long hundredweights of beef [1] which constituted between 40 and 50 per cent. of the total consumption, the remainder being supplied by home-grown marketings.

In comparison imports for the last three years are given below:

(1) British Imports of Beef

	Long cwts.
1920	9,858,935
1921	11,609,388
1922	10,725,109

This was more than half of the total consumption.

(2) The heavy marketings of 1921 representing forced liquidation on the part of all producing countries in the Southern Hemisphere, caused a glut on the British market, while British purchasing power was at a low ebb due to industrial depression and the low exchange value of the pound sterling. The hot summer also checked buying, and "beef consumption was reduced by hundreds of tons," accentuating the grave situation induced by over-supply.

(2) 35 per cent of the 1921 imports remained unsold on the first of January 1922, and between the first two weeks of May and the last two weeks of December the price of Argentine chilled beef showed a 30 per cent. drop on the London market. Owing to the low purchasing power of the Continental countries

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(1) Review of Live Stock Market Situation, 1922, Dom.L.S.Branch.

(2) Live Stock Market Situation 1921, Dom. L.S. Branch.

it was impossible to move surpluses in that direction; only 68 tons of chilled and 32,885 tons of frozen were disposed of in Europe, and the British market was left to absorb the surplus. (3) In 1922 although British consumption began to revive imports were still heavy and Argentine beef was worth 6 cents per pound less than the average for 1921. Chilled beef, however, for the first time since the war, recovered its pre-war relation in quantity to frozen, causing sharply fluctuating prices and a narrow differential between chilled and frozen prices. (3) In spite of this evidence of saturation in 1921 and 1922, the purchasing power of the British people was increased by widened export outlets, slightly reduced taxation and the recovery of the pound sterling.

With the reduction of the adverse balance of trade to £ 180,000,000 fully covered by invisible exports and the prospect of another reduction in taxation in 1923, it is expected that the purchasing power of the British consumer will continue to improve.

While it thus appears that Great Britain holds the premier place as an importing market in point of size, other factors exist which limit the extent to which that market is available to a surplus producing country circumstanced as is Canada, and however essential is the revival of British purchasing power, it will not remove these limitations.

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(3) Review of L.S. Trade Situation, 1922, pp 18-19.

2. THE REQUIREMENTS OF THE BRITISH MARKET.

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(1) Whatever the form in which cattle reach the British market, it is essential that they conform to the high standards demanded by a critical trade and consuming public. The English demand is for heavy butcher cattle from 1200 to 1300 pounds weight under three years of age. For the live cattle import trade special conditions make the import of certain other classes profitable. Scotland prefers butcher cattle of 1000 to 1200 pounds under two and a half years. The large Jewish population in London requires "Kosher" meat and for this trade heavy bulls are in demand. These can be shipped profitably from Canada because shipping costs on a 1500 pound bull are only 19 cents a pound compared to 25 cents for 1200 pound steers and this type of animal brings a very low return, on the domestic market. In 1921 when bulls of export type were worth only 2 1/2 cents a pound on Canadian stockyards they netted 6 cents when sold in Great Britain. The British market will also take a reasonable percentage of fat cows. The market for the last two classes, however, is easily glutted. In 1921 the Dominion Markets Bureau estimated that 20 per cent. of bulls, 25 per cent. fat cows, and 55 per cent. steers constituted the maximum of the two former classes that could be included with safety in overseas shipments.

The most important demand on the British market is for quality of breeding, and careful finish, and this applies

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(1) British Market for Canadian Fat Cattle, Dom.L.S. Branch.

to all classes of stock. There is no market in Great Britain for cattle, or beef from cattle that are rough, old, badly formed, or over-fat. The following table shows the numbers and proportion of cattle of export class marketed in Canada.

(2) Numbers of Export Quality Cattle Sold on Canadian Yards and Percentage of Total Marketings.

Class	1918	1919	1920	1921	1922
1200 lb Steers,	21,053	22,712	22,762	52,061	53,999
Percentage of Total	2.58	2.26	2.88	8.07	6.50
Bulls, Good,	8,959	9,479	9,341	6,741	7,790
Per cent. of Total	1.10	.95	1.18	1.05	.95

With the removal of the embargo on store cattle heavy feeder stock capable of attaining high finish in short periods on English feed lots can be moved. The class of cattle thus affected would be steers of 1000 to 1200 pounds capable of being sold as fat cattle as well. "Light stockers will not pay their freight." The numbers involved are as follows:

(2) Numbers and Percentage of Total Marketings of Export Store Cattle

Class	1918	1919	1920	1921	1922
Steers, 1000 - 1200 lbs, Good,	75,681	80,314	55,264	92,496	76,794
Per cent. of Total,	9.30	8.00	7.00	14.35	9.33

As stockyards' marketings range around 50 per cent. of the total marketings these figures may be taken as representing half the total number of these classes available in Canada, while the percentages will be a close approximation to those for the total marketings of the Dominion. As a whole these

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(2) Rev. of L.S. Market Situation 1922, p.52.

tables must be taken as an exaggeration of the proportion of the export type produced by the cattle industry. Canadian cattle exports to Great Britain have been criticized by buyers there as too rough and old, and it may well be doubted whether even this small proportion of stock does not include a large number of animals which will not grade up to British standards.

The foregoing demonstrates an important limitation on the British market for Canadian cattle. Only those classes which meet the requirements of the British consumer can compete in the British market, and these are only a small proportion of Canada's herds, and are negligible in numbers when compared with Great Britain's vast meat imports.

3. COMPETITION IN THE BRITISH MARKET

There are three grades of beef on the British Market, the first quality is the home-killed, the second, chilled imports, and the third, frozen imports. These grades fall into separate competitive classes and prices in each class move independently of those in the other two. The home-killed, which includes a further subdivision between home-grown and imported cattle, is chiefly affected by the supply of English and Scotch cattle, and Irish imports. On the supply side chilled meat prices depend on the conditions of the Argentine production, and frozen meat prices are affected by supplies from Australasia as well. The spread between these classes is illustrated by the following:

(1) Quotations Smithfield Market - Taken from London

1921	Scotch	English	Canadian	Canadian Chilled.	Argentine Chilled.
	S. D.	S. D	S. D.	S. D.	S. D.
May 5	1 5 1/2	1 5 1/4	1 4 3/4	- -	- 8 1/4
" 12	1 4	1 2 1/4	1 2	- -	- 7 1/4
" 19	1 4 3/4	1 2 3/4	1 1	- -	- 7 1/4
" 26	1 4 3/8	1 3 1/4	1 2 7/8	- -	- 7 1/2
June 2	1 4 3/4	1 4 1/2	1 4 1/4	- -	- 7 1/2
" 9	1 2 3/4	1 3	1 2 1/4	- -	- 7 3/8
" 16	1 4 3/8	1 3 1/8	1 2 3/4	- -	- 7 7/8
" 23	1 4 3/4	1 2 1/2	1 2 1/4	- -	- 7 1/2
" 30	1 3 1/2	1 1 1/4	1 1 1/4	- -	- 7 1/2
July 7	1 3 1/4	1 1 3/4	1 1	- -	- 8 1/4
" 14	1 1 7/8	- 11 3/4	- 11	- -	- 7 3/4
" 21	1 1 7/8	1 3/8	1 1/8	- -	- 7 1/8
" 28	1 2 1/2	1 1 1/2	1 1 3/8	- 7 5/8	- 7 1/2
Aug. 4	1 2 5/8	1 1	1 1 1/8	- -	- 6 7/8
" 11	1 3 1/4	1 1 5/8	1 1 3/4	- 10	- 8 5/8
" 18	- -	- -	- -	- -	- -
" 25	1 2 1/2	1 1	1 1/4	- -	- 8 1/8
Sep. 1	1 3 1/4	1 1 3/4	1 1 1/4	- -	- 8 5/8
" 8	1 1 1/2	1 1	1 1/8	- -	- 8 1/8
" 15	1 2 3/4	1 3/4	1 -	- 8 1/8	- 7 1/8
" 22	1 1 3/4	- 11 1/2	- 10 3/4	- -	- 7
" 29	1 1 1/2	- 11	- 10 1/8	- 8 1/8	- 6 3/8
Oct. 6	1 1/4	- 10 1/8	- 9 3/4	- 7 1/2	- 5 7/8
" 13	1 1/2	- 9 7/8	- 9 5/8	- -	- 6
" 20	- 11 3/4	- 8 3/4	- 8 1/4	- -	- 6
" 27	1 1/2	- 9 3/4	- 9 1/2	- 7 7/8	- 6 1/4
Nov. 3	- 11 1/2	- 9 5/8	- 9 1/2	- 7 7/8	- 6 1/4
" 10	1 1/2	- 9 7/8	- 9 5/8	- 9 1/4	- 6 3/4
" 17	- 10 1/2	- 8 3/4	- 8 1/4	- 8 3/8	- 7
" 24	- 10 1/2	- 8 3/8	- 8 1/8	- 7 5/8	- 7 5/8
Dec 1	- 11 1/2	- 9 1/2	- 9 1/4	- 7 7/8	- 6 7/8
" 8	- 10 5/8	- 8 3/4	- 8 3/8	- 6 3/8	- 6 1/4
" 15	- 11	- 9	- 9 1/4	- 6	- 5 5/8
" 21	1 -	- 10 1/8	- 7	- 7 3/8	- 5 3/8

(1) From Harris Abattoir, Toronto, Mr. J.S. McLean.

The maximum spread in this period between top prices of home-killed and Argentine chilled was 9 1/2d in the week of May 5 and the minimum 2 7/8d in the week of November 24th. It will be observed that while there is a general fall in all classes of beef the decline does not take place concurrently for home-killed and chilled. The fall of prices during this period shows that both home-killed and imported prices are affected in common by the strength of consumers' demand which for reasons stated above was extremely light in the last months of 1921. From the supply side home-killed levels depend largely on the bulk of supplies of imported meat, and chilled meats are in turn affected by the quantity of frozen on hand. This is illustrated by the sharp narrowing of the spread between chilled and home-killed prices May and November when supplies of dead meats were piling up. 1922 price movements again demonstrate the semi-independence of levels of different classes. Home-killed prices rose steadily until May, after which there was a steady decline until the end of the year, while Argentine chilled fluctuated as follows:

(2)

Average Price Argentine Chilled Hindquarters, 1922.

January, ...	7 1/8 d
February	6 1/8 d
March	5 1/4 d
April	7 7/8 d
May	7 7/8 d
June	7 7/8 d
July	6 7/8 d
August	6 7/8 d
September	7 7/8 d
October	
November	6 3/4 d
December	6 3/4 d

(2) Review of L.S. Market Situation, 1922, pp. 18-19, Dom. L.S. Branch.

Imports are almost entirely composed of dead meat.

(3)

British Beef Imports, 1922

Dead Meat	10,725,109 long cwts.
Live Cattle	45,555 head (U.S. and Canada.)

Of this, 5,981,282 long hundredweight was chilled meat from the Argentine and Uruguay. The sources of the total importation were:

Argentine	70.9 per cent
Australia	10.9 "
Uruguay	10.7 "
New Zealand	5.4 "
United States	.6 "
Other Countries	1.4 "

Thus 81.6 per cent. came from South America and almost all of the remainder from Australia and New Zealand.

These countries have the advantages of all-year round grazing, cattle are fattened on alfalfa, and the heavy production expenses of winter and grain-feeding are avoided. Their herds are uniformly well-bred, and these two factors together give them an abundant supply of cheap beef fit to be marketed in Great Britain. For this latter purpose they possess large slaughter, freezing, and chilling plants, regular lines of refrigerator steamers, and well-organized and established business connections in England; these facilities make it possible for them to obtain all the economies of large scale enterprise in their markets. Under normal conditions these advantages enable them to surmount effectively the disadvantages of distance and to place the products of their cattle industry on the British market in spite of the wide differential between home-killed and imported meat price levels.

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(3) Ibid. pp.13, 69.

They have of course suffered in the past two years from the depression of values combined with relatively excessive marketing costs. (4) "The exportable surplus of 1921 cost too much to market owing to lop-sided depression of values including processing and carrying charges. The overhead not only ate up the producers' profit but also brought financial losses to exporters who found cost of freezing and handling inconsistent with the value of the product." "New Zealand's experience was typical. Official figures show the value of their meat exports at £ 8,852,000 and the amount of overhead on that sum as £4,791,000." (5) The depression continued in 1922; in the Argentine values of commercial stock shrank to less than cost of processing. Freezing works greatly reduced their operations, banks called in their loans, exports were narrowed, and a great many Estancias were compelled to cease operations. The return on chilled and frozen beef declined by £10,000,000 from those for 1921. Great Britain paid on the average about 6 cents per pound less for Argentine beef than in 1921. In Australia the shrinkage in beef exports was placed at £ 5,000,000.

While these facts point to a reduced production, they also indicate that cut-throat competition may be expected with prices at rockbottom and production and marketing costs kept at a minimum. The Argentine needs ready money and will seize every opportunity to convert cattle into cash. In Australia the various governments are bending every effort to improve methods of production and marketing.

With economy the order of the day in Great Britain and bearing in mind the necessary interdependence between

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(4) Live Stock Market Situation, 1921. Dom. L.S. Branch.

(5) Review of L.S. Market Situation, 1922, p.23.

prices of home-killed and imported meats, it is safe to assume that preference will be more than ever sacrificed to choice and that home-grown animals will be marketed at reduced prices due to the low level of imported meats. Thus Canadian exports must reckon seriously with the conditions in other surplus producing countries, whether our exports go forward as fat cattle, stores, or chilled meat.

In the live cattle trade British prices are strongly affected by Irish imports the extent of which is indicated below.

(6)

Imports to Great Britain of Irish Cattle

Year	Fat Cattle	Stores	Total
1913	354,953	754,668	1,109,621
1920	453,368	473,470	926,838
1921	377,080	391,411	768,491
1922	421,493	558,040	979,533

It is significant that store cattle have of late years been a smaller proportion of the total marketings than before the war, a condition imposed by the breaking up of British pastures in favour of wheat production during the war.. (7) This tendency has been reversed in the last four years and arable land in Great Britain has been reduced to within 300,000 acres of its pre-war area. Under these conditions the proportions of Irish cattle marketed as stores may be expected to rise again. While the indications are that 1922 Irish exports were heavier than usual in relation to the domestic holdings, the forecasted decrease in marketings will not have any appreciable effect in off-setting the tremendous advantage

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(6) Ibid. p. 21

(7) Ibid. p.20.

enjoyed by the Irish in their proximity to the British market.

It is then evident that the Canadian cattle industry cannot compete at equal price levels with the Irish in live cattle markets on account of the obstacle of heavy transportation charges nor as a non-pastoral country, under the necessity of providing the additional care and expense of winter-feeding, is it possible to produce the chilled article to sell at an equal price with that from the more favoured producing countries of the Southern Hemisphere, the more so since the limited supplies available for such a trade do not warrant the extensive investments in plant and refrigerator lines which are indispensable if the economies of large and regular shipments and established business connections are to be obtained.

But the best quality Canadian cattle carefully and intelligently handled are acknowledged superiors of the Irish product whether for slaughter or in their capacity to make quick gains, while the grass-fed Argentine cattle do not yield meat of equal quality with that from grain-finished stock. Taken in conjunction the facts detailed above have been made the grounds of the following assumption: (8) "It is evident that we cannot carry on a successful export trade against the products from other exporting countries on a straight competitive price basis but must seek to establish, by virtue of merit, a level of price more nearly approaching that paid on the home-grown article."

The requirements and opportunities for the development of such a policy on the part of the Canadian cattle industry have been summarized as follows:

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(8) Ibid. p.9.

(8) "Only an extensively and intensively practiced policy of type-breeding and grain feeding can accomplish this end." "The world's live stock industry is today suffering from an over-supply of poorly fed and to some extent poorly bred cattle. As far as we can see at present, Canada is the only country capable of producing a heavy beef surplus,that is in a position to grain-finish her export supplies. We can produce a more palatable and attractive article than even the recognized uniform quality beef from the Argentine and other South American countries where the cattle are grass-finished on alfalfa and cannot produce a carcass to compare favourably in flavour and texture with the English-grown article."

"Despite the available markets in Great Britain and the United States for unfinished cattle,the live stock industry in Western Canada will not perform its proper function until it makes better use of the ability to grow beef making grains in an abundance not exceeded by any other country."

That Canadian beef can command a quality price higher than Argentine is proved by the quotations for Canadian chilled beef at Smithfield, given above, which are all the more significant in view of the glutted condition of the market at that time and the slow movement of this class of meat.

The effect of world competition in the British market is then to set stricter bounds to the limitations of quality on the outlet for Canadian cattle there, and to reduce to a narrow margin the spread between British and Canadian cattle prices necessitating a strict watch over production and marketing costs.

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(8) Ibid. p.9.

4. OCEAN TRANSPORTATION TO GREAT BRITAIN

Canadian store cattle can only be shipped from Canadian ports and the number that can be exported is therefore determined by the capacity of the boats plying to Canadian ports. The numbers that can be carried by those now in service in a Montreal shipping season is approximately 60,000 head.(1) The Canadian Government Merchant Marine cannot handle any of this traffic because their boats are not structurally fit to carry cattle safely. While private lines may equip more ships to accomodate cattle it is not likely that this will represent a large increase since the cost of equipment and scarcity of westbound cargoes. For these reasons it is expected that accomodations will not expand rapidly in the near future.

A further obstacle to extensive shipments of cattle is the prospective advance of ocean freight rates above even the present comparatively high levels. The factors tending to advance rates are partly technical, partly economic.

Cattle are more costly to handle than other forms of freight. The installation of pens and troughs is a heavy expense due to the high costs of labour and lumber. (2) The pens which hold from 4 to 5 cattle cost between $9 and $20 to construct depending on their location, whether on lower or upper decks. In addition to this first cost about 20 per cent. of these pens are destroyed in unloading the cattle and have to be built afresh for each voyage. A vessel carrying cattle also has to reserve a large space for feed, some 10,000 cubic

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(1) Agric. Comm., Mr. D.A. Campbell, p.99.

(2) Ibid., Mr. J.W. Nichol, Furness Withy Co., p.178.

feet and must carry 250 to 300 tons of fresh water. The space thus occupied must be paid for by the Cattle.(3)

The officials of the steamship companies claim that because of these expenses and because they cannot get return cargoes(4) they are operating their cattle boats at a loss at present rates and feel justified in raising their rates in the face of an increased demand for space. This they are in a position to do with impunity through their freight tariff conferences.

(5)All the line freighters operating from Canadian ports including the Canadian Government Merchant Marine are represented in the Canadian Lines Committee which meets every Tuesday in Montreal to determine rates on all commodities carried. The individual lines are bound by a gentleman's agreement not to cut rates below the minimum there agreed on. The rates on Canadian lines are in turn made to conform with the rates determined by a similar organization for the lines calling at United States ports, known as the North Atlantic United Kingdom Freight Conference (eastbound).

The conferences comprise only the lines regularly plying to Canadian ports. (6)Tramp steamers calling for an occasional cargo make their own rates and the conference lines often have to reduce their rates to meet this competition. Hence the rates charged by the conference lines are limited in the case of most commodities by the competition of these tramps, and cannot go higher than a point where the latter will be attracted by the big profits obtainable to flock in

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(3) Ibid.,pp.184-5.

(4) Ibid.,p.178.

(5) Evidence of Mr.W.A.Cunningham, C.G.M.M.,before Agric.Comm.

(6) Agric.Comm.,Mr. Cunningham, p.229.

and temporarily capture the trade. But this does not apply to cattle. The cost of equipping a boat for cattle is too great to be undertaken for the sake of a single cargo; tramp competition is non-existent in the cattle trade.

Nor can any action by the Dominion Government in the way of regulating rates be effective since the steamer lines are not economically compelled to carry cattle or even to send their ships to Canadian ports. Nearly all the private lines are under British or foreign registry. The ships can be put on other ~~lines~~ routes or be laid up if the owners so will. Government interference of this sort can only succeed in suspending or destroying the traffic. On the other hand for the reason stated above, that they are not built to carry cattle, the Government cannot withdraw the Canadian Government Merchant Marine from the Conference and use it to force down rates. The Canadian Liner Committee is therefore free to impose such rates on overseas cattle exports as in their opinion the traffic will bear.

The existing conditions in regard to ocean transportation impose two further limitations on the export trade to Great Britain. It is confined to the number of cattle which can be carried in ships now equipped or which may be equipped to handle it. It is also limited to those classes of cattle which can be sold on the British market at a price which will bear the ocean rates charged and yield the shipper a net return at least equal to their value on the Canadian market.

CHAPTER VIII

THE UNITED STATES MARKET.

1. 1. Extent of the United States Market.
2. Requirements of the United States Market.
3. Competition in the United States Market.
4. The United States Tariff.

1. The Extent of the United States Market.

The qualities of cattle produced and consumed in the United States is shown in the following table.

(1)

Annual Slaughter and Production and Consumption of Beef, United States.

Year	Cattle Slaughtered. (Thousand Head)	Production. (Million Pounds)	Consumption. (Million Pounds)
1919	13,635	6,283	6,022
1920	12,848	6,463	6,498
1921	12,271	6,194	6,223

The extent of the American market is therefore nearly three times as great as the British. The figures also indicate that production in 1921 fell short of domestic consumption by 29,000,000 pounds. This is not an accurate gauge of the excess of demand over home supply since animals imported on the hoof are included in the total of domestic slaughter. An accurate impression is given by the figures of total net imports of beef, live imports being included on conversion to their beef equivalent. They were:

(2) 1920 ..... 40,000,000 pounds.
1921 ..... 60,000,000 "

While in themselves unimportant in so large a market these imports are valuable proofs of a trend which may be expected to gain strength in the near future.

Before the war the production of beef cattle in the United States had ceased to keep pace with domestic consumption. Net imports in 1913 represented 120,000,000 pounds of beef, in 1914, 460,000,000 pounds. This was of course under free importation but it is more than ever an indication of the failure of the United States cattle industry to keep pace with the conditions of world production. During the war the United States cattle industry was stimulated by the same factors which caused Canadian expansion at that time. The swift relapse to

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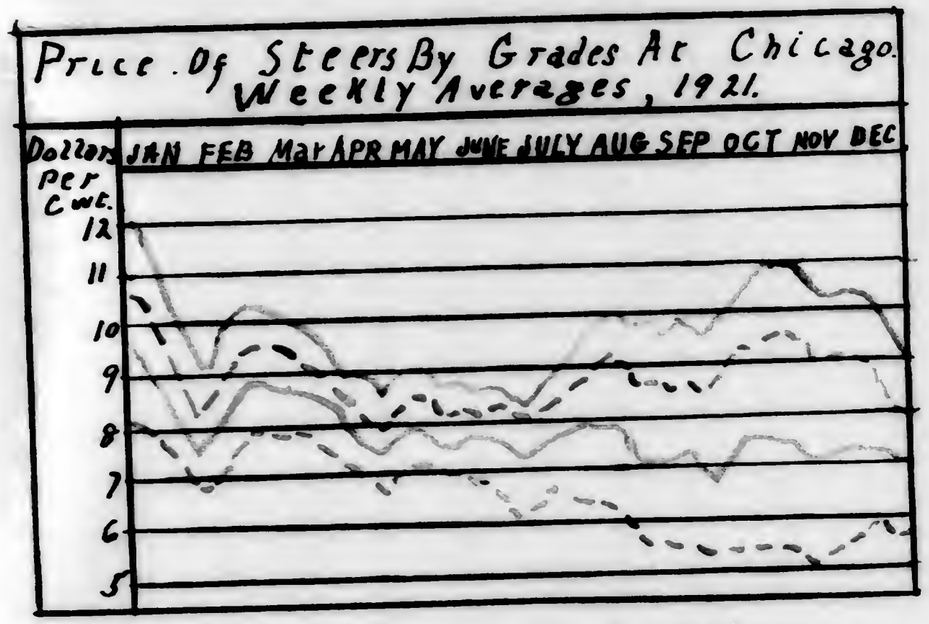
(1) Cattle and Beef in U.S., p.9, U.S.Tariff Comm.
(2) Ibid., p. Vi.

Price Of Steers By Grades At Chicago.
Weekly Averages, 1921.

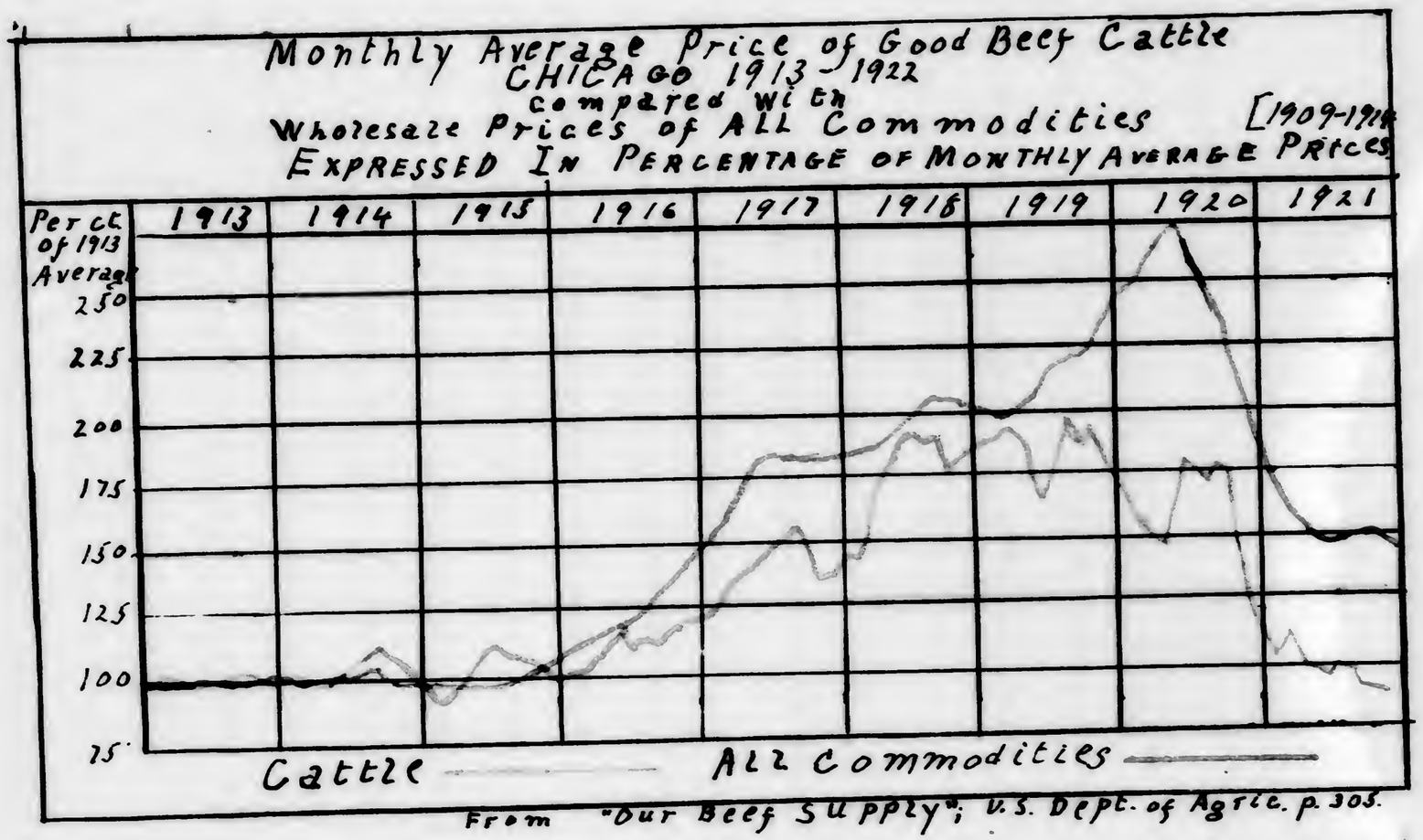


Choice ——— Good. - - -
Medium ——— Common - - - -

From "Our Beef Supply," p. 303

Chart No. 3.

Monthly Average Price of Good Beef Cattle
CHICAGO 1913 - 1922
compared with
Wholesale Prices of ALL Commodities [1909-1914
EXPRESSED IN PERCENTAGE OF MONTHLY AVERAGE PRICES



Cattle ——— All Commodities ———

From "Our Beef Supply"; U.S. Dept. of Agric. p. 305.

Chart No. 2.

an importing basis in spite of the aid of renewed tariff protection forecasts a further decline of United States production, and that the causes which developed the 1913-1914 conditions are operating with as much or greater strength at the present time.

Available information bearing on the relation of the United States cattle industry to the general business of the country serves to strengthen this conclusion. Since June, 1916, the average price of beef cattle has been continuously lower than the wholesale prices of all commodities when both are expressed in percentages of the 1913 average price. At the peak of prices in 1920 when commodity prices were more than 270 per cent. of the 1913 level beef prices never stood higher than 180 per cent. and after the sharp decline of 1920 and 1921 beef prices closed in 1921 10 per cent. below the 1913 level while commodities stood at 150 per cent. The relation is shown in detail on the accompanying chart.

(3) Further, the cost of farm equipment expressed in terms of cattle prices was 28 per cent higher in 1920 than in 1913, and 57 per cent. higher in 1921.

(4) While cattle sales on the United States markets were 17.2 per cent. heavier in 1922 than in 1921 and recent estimates show 23.6 per cent. more cattle on feed in the Corn Belt States, this increase is mainly due to the rush to liquidate stock withheld from market during the fall of prices in 1921, and the increase in the feeding industry is in the nature of a return to normal conditions after light buying in 1921 caused by uncertainty and heavy losses on the market in that year.

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(3) Our Beef Supply; U.S. Dept. of Agric. p.304.

(4) Review of L.S. Market Situation, 1922, pp. 21-22. Dom. L.S. Branch.

2. Requirements of the United States Market.

In contrast to the British market the United States will absorb all classes and grades of cattle. With a large and diverse population it is possible to dispose of meats of all qualities. The cattle production of the United States is in the main extensive rather than intensive. Values are, therefore, immensely lower than in Great Britain and in line with Canadian conditions. Unfinished cattle in all stages are absorbed by the United States cattle industry for feeding operations. When the market is thus open to all classes of cattle, it is also true that breeding and finish play as important a part, if not more important, in the determination of price on United States markets as on Canadian, a fact which seriously affects the marketing of Canadian stock there when considered in relation to other factors to be discussed later.

3. Competition in the United States Market

Foreign competition plays a very small part in the United States market. [1] Mexico, the only country in a similar position to Canada, which in 1914 exported 625,000 head, due to political disturbances has become an importing rather than an exporting country. In 1920 her cattle population was only 2,000,000 head compared to 5,000,000 in 1902, and in 1919 she imported 27,000 head from United States. In addition her cattle are quarantined by the United States within the Southern cattle quarantine line of that country. Mexico levies an export duty of $7.00 to $10.00 per head on her cattle which are of very poor quality.

From the Canadian point of view, the factor which nullifies competition of any other foreign country on United States markets is the grouping of our chief cattle producing areas, Ontario and the Prairie Provinces, within easy reach of the great American markets at St. Paul, Chicago and at Buffalo. The geographical factor will always enable us to place our cattle on the most favourable markets in better condition and at lower costs than any foreign producer.

The domestic industry is the main factor in price determination on the American market. Where between 15,000,000 and 20,000,000 domestic cattle are marketed annually which are raised under such diverse climatic, geographic, and production conditions, seasonal and general price fluctuations must be determined by the variations induced by these factors and the domestic demand, when it is remembered that imports even under

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(1) Cattle & Beef in U.S. pp. 54-55.

free entry do not run above 500,000 head and average 200,000 head. (2)It is impossible to discuss in more than general terms the standards set by domestic production carried on under divergent conditions ranging in climate from sub-tropical to severe northern weather, on lands with carrying capacity between 1 to 75 acres per cow and under most extensive and intensive methods of feeding and handling. The main production advantages enjoyed by the American cattle raiser are the open range conditions in the South Western States, facilitating cheap production of feeder and stocker classes, and the cheap finishing feeds ensilage and Indian Corn, produced in abundance in the Corn Belt States the centre of the United States finishing industry. On the other hand Western Canadians have always commanded a quality differential over the South Western United States cattle on account of their hardier build and higher beef making power, while the corn and ensilage diet makes coarser beef with a tendency to run to fat. The cheaper production costs of corn as a grain ration is in large measure offset by its lower beef building qualities, as it contains only half the nutriment of an equal bulk of the smaller grains.

From the standpoint of marketing expenses United States cattle are at little if any advantage over Canadian since distances to market are, except in the case of the Corn Belt States where the main markets are centred, fully as long as those to be covered by the bulk of Canadian cattle, and

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(2) Our Beef Supply, U.S. Dept. of Agric.

the chief variable in such expenses, transportation costs, is similar for the product of both countries.

The evidence available, while not sufficiently definite to admit of a positive statement, points to the conclusion that, under conditions of free entry, Canadian cattle can be produced and marketed in the United States on equal terms at least with the domestic article.

4. The United States Tariff

The Emergency Tariff of 1921, and the Fordney Tariff of 1922, have barred the American market against our exports to a greater extent than records of exports indicate. These were:

1920	311,070 head	$23,760,670
1921	194,610 "	5,623,204
1922	217,480 "	5,538,795

Thus while exports in the two years that the tariff has been in force were roughly 60 per cent. of the 1920 number their value was less than 25 per cent. of that of the 1920 exports. (2) But prices in the United States declined no more than 50 per cent. between 1920 and 1921 (3) and were stronger in 1922 than in 1921. Even allowing for the fact that much of this stock was thin and unfinished, sold on forced liquidation, a heavy cut in the returns on United States sales is indicated which must have been totally out of line with production costs.

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(2) See Chart No.

(3) Annual Review Markets Branch 1922, p.22.

Reports from Canadian Markets bear out this assumption.[4] On the Toronto market where domestic prices were characterized as fairly profitable to the producer only 4,900 head of cattle were bought by speculators for shipment to Buffalo or Lancaster, Pa., and were usually low-priced western cattle.[5] But in western Canada all stockyards reported heavy shipments chiefly of stockers and feeders under the impulse of forced liquidation, a dry summer, and scarcity of feed in many regions. The returns to the producer on these exports were summarized as follows:

(6) "Prices on Western yards were dropped so low as to make possible the export from the yards, whatever loss involved in the marketing having already been sustained by the unfortunate original shipper or owner of the stock. In other words, the middleman's heaviest costs were the freight from the stockyards to the South plus the duty; the stockyards in many instances scraping bottom."

Continued marketings in the United States must be considered in view of this information as the elimination of surplus holdings which under existing conditions cannot realize a profit, and to be in no way indicative of a healthy trade. Obviously there is no prospect of a profitable trade of any appreciable magnitude under the existing tariff, especially since the Fordney Tariff,which only went into effect in September 1922,imposes a heavier duty than the Emergency Tariff.

Under the method of levying the duty in this Tariff, i.e.,at a fixed rate per pound, the preference will go to the

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(4) Ibid. p.26
(5) Ibid
(6) Ibid. p.10.

best grades of cattle under 1050 pounds weight, since the incidence of the duty will be felt in inverse ratio to the per pound market value of the animal, and there is a wide price spread between choice grades and the inferior qualities on United States markets especially in the Fall months when the heaviest marketings take place in Western Canada. The strength of this tendency is indicated by the accompanying chart.* In this way the present United States tariff limits the outlet for our surplus stock to the best grades of animals, laying the emphasis on quality production for export just as does the critical taste of the British consumer.

While it is never safe to venture opinions based on political forecasts or on grounds which are the subject of political controversy any general view of the relation of United States tariffs to the Canadian cattle industry must take account of the political situation in the United States. Although the American market cannot be of any great advantage to us so long as the present tariff is in force, the freeing of that market is open to serious question as a permanent benefit to our cattle industry if "the long view" is taken. American governments have always been subject to sudden and violent changes of sentiment and policy, and there is no reason to believe that they will be any the less so in the future . Accepting this condition it is obvious that any expansion of our live stock industry built upon extensive exports to United States under free entry will be subject in the future as it has been in the past to sudden termination upon the first change of sentiment in the United States. The conditions obtaining at present must be repeated. An unmarketable surplus will pile up, heavy losses will fall on

*Chart No. 3.

those engaged in the industry, and distrust in live stock production as a profitable enterprise will be generated. In spite of this there is no doubt that the opening of the American market would be of immense immediate benefit to the industry, and the risk and uncertainty attending production for a market liable to be closed at short notice will be no deterrent to the individual farmer in seeking the momentary benefits within his grasp.

CHAPTER IX

CANADIAN MARKETS

1. Areas and Types of Production
2. Consuming Areas.
3. Movements of Stock
4. Transportation
5. Characteristics of Different Markets.
6. Requirements of Canadian Market.

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1. Areas and Types of Production.

The volume and type of cattle produced varies in the different provinces, causing differences in kind and volume of supplies on each market and movements of stock from one area to another. The chief distinction besides that of volume which needs to be considered is whether cattle are placed on the market as finished butchers or as stores. The following table shows the number of cattle shipped from country points, whether butchers or stores, and the number of stores purchased for further feeding in the chief producing provinces.

(1)	1920		1921	
	Shipped	Bought	Shipped	Bought
Quebec:-				
Butchers	59,541		38,695	
Stores	623	1,058	375	2,173
Ontario:-				
Butchers	260,766		359,271	
Stores	36,404	55,426	24,203	41,791
Manitoba:-				
Butchers	80,304		44,291	
Stores	50,830	8,813	24,474	10,285
Saskatchewan:-				
Butchers	95,515		62,950	
Stores	61,520	11,819	30,917	10,679
Alberta:-				
Butchers	119,032		132,334	
Stores	52,631	55,960	42,082	30,398

Thus Ontario and the Western Provinces, especially Saskatchewan and Alberta produce the largest volume of stock. In Quebec the practise is to ship only fin-

(1) From Dominion Live Stock Branch, Summary of Live Stock Shipments to Stockyards etc.

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ished stock to market, and there is little or no purchase of feeders. In Ontario marketings are predominantly of butcher stock, and the feeding industry absorbs more stores than are produced in the province. In Alberta the feeding industry appears to be second to that in Ontario and absorbs most of the store offerings. In Manitoba and Saskatchewan the heaviest proportions of store cattle are marketed, and the feeding industry is relatively unimportant. Thus a large proportion leave those provinces in an unfinished state, and are given the final preparation for the market elsewhere.

2. Consuming Areas.

The total shipments of butcher cattle and slaughterings at inspected packing plants are compared below:-

(1)	1920		1921	
	Shipments	(A) Slaughter	Shipments	(A) Slaughter
Quebec	59.541	243,776	38,696	191,321
Ontario	260,776	366,470	359,271	344,586
Manitoba	80,204	114,589	44,291	91,459
Sask., Alta.#	214,517	105,267	195,284	87,226

\# Slaughter includes British Columbia.

A Includes calves slaughtered.

Thus Quebec, Manitoba, and Ontario do not produce sufficient finished cattle to supply their domestic buyers, while the other Western Provinces produce a surplus.

(1) From Dom.L.S. Branch, Summary of Live Stock Shipments and Annual Review of Live Stock Markets, 1922, p.68.

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Although these figures do not pretend to strict accuracy, since the total slaughter is not included and many cattle classed as stockers and feeders may be slaughtered if there is no market for them as stores, they indicate the location of the chief consuming areas in the East and the area of surplus production in the West.

3. Movements of Stock.

The table below, by comparison of total numbers shipped in with totals shipped out, shows the actual surplus or deficiency of cattle in each province. It will be observed that Quebec and British Columbia are the only provinces showing a net importation, while the chief surplus is again shown in Saskatchewan and Alberta. It is also significant that Manitoba, which lacks a feeding industry, shows a smaller surplus than Ontario.

(1)

	1919	1920	1921
Maritime Provinces:-			
Total shipped in:	173	361	139
To Other Provinces	3,623	3,843	3,595
On Export	-----	2,815	556
Total shipped out:	3,623	6,658	4,151
Net shipped out:	3,445	6,297	4,012
Quebec:-			
Total shipped in:	55,810	54,795	57,890
To Other Provinces	12,237	5,826	1,310
On Export	3,871	4,868	36,060
Total shipped out	16,108	10,694	37,370
Net shipped in:	39,702	44,101	20,520
Ontario:-			
Total shipped in:	50,175	108,190	43,384
To Other Provinces	50,992	37,242	44,767
On Export	67,905	74,811	28,824
Total shipped Out:	118,897	112,053	73,591
Net shipped out.	68,722	3,863	30,207

(1) From Live Stock and Animal Products Statistics, 1909-1919; 1920; 1921.

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	1919	1920	1921
Manitoba:-			
Total shipped in:	209,517	165,387	95,239
To Other Provinces	48,665	110,106	38,055
On Export	137,605	79,762	62,314
Total shipped out:	186,270	189,868	100,369
Net shipped out.	23,247	13,481	5,130
Saskatchewan:-			
Total shipped in:	47,110	18,415	8,784
To Other Provinces	168,012	147,928	74,869
On Export	3,472	61,937	17,601
Total shipped out	171,484	209,865	91,870
Net shipped out	124,374	191,450	83,096
Alberta:-			
Total shipped in:	2,793	6,847	1,461
To Other Provinces	113,075	67,352	73,911
On Export	69,571	4,907	10,091
Total shipped out:	182,646	72,259	84,002
Net shipped out	179,853	65,412	83,541
British Columbia:-			
Total shipped in:-	16,992	19,611	26,319
To Other Provinces	295	1,075	25
On Export	------	10,532	16,067
Total shipped out	295	11,607	16,092
Net shipped in:	16,697	6,404	10,227

The general direction of cattle movements may be discerned above. The concentration of Western cattle upon Winnipeg with the partial continuation of the eastward movement into Ontario and the strong diversion of Western cattle to United States markets constitutes the important phase of the cattle movements within the Dominion. These movements are shown in greater detail in the next table, and two minor movements are also discernible, the direction of some Ontario stock to Quebec markets and of small numbers of Alberta stock into British Columbia. The latter

movement, although reference to the table above shows that a small export trade has developed through British Columbia, is yet of little weight compared to the great and constant movement to the East and South.

The most important fact which these tables bring to light is that, with the exception of Quebec and British Columbia there are no parts of the Dominion which consume more than they produce, while decided surpluses are shown in each of the four main producing provinces. These conditions serve to illustrate the dependence of present price levels and the future expension or contraction of the cattle industry on export markets.

(1) Interprovincial Movements.

To Ontario:-			
From:-			
Quebec	12,237	5,737	1,039
Manitoba	37,604	85,919	25,085
Saskatchewan	1,390	2,764	2,526
Alberta	8,444	13,033	14,670
To Quebec:-			
From:-			
Nova Scotia	906	138	130
New Brunswick	2,722	2,081	416
Ontario	49,232	35,884	44,010
Manitoba	1,382	13,639	8,183
Alberta	1,480	2,586	5,065
To Manitoba.-			
From:-			
Saskatchewan	158,183	142,668	70,425
Alberta	49,107	21,846	24,284
To Saskatchewan:-			
From.-			
Alberta	337,922	10,985	3,856
Manitoba	9,027	7,244	4,653
To British Columbia:-			
From:-			
Alberta	16,943	18,792	26,036.

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4. Transportation.

Most of the cattle produced in Western Canada have to be moved long distances to market and transportation conditions play an important part in determining the direction they shall take and the state in which they arrive on the market. Shrinkage is the most important factor next to the railway charges. It varies greatly according to climatic conditions, the care which the stock receive, and the efficiency of the railway equipment in which they are carried. In past years much criticism has been leveled against Canadian railways for their indifference in handling stock, the rough construction of their cars causing unnecessary bruising, and the long periods which Western stock had to undergo without feed and water.

These evils have been eliminated to a large extent , and cattle in transit are comparatively well-cared for at the present time. Shrinkage cannot be eliminated, but although no definite information is available for Canadian cattle, it is believed that losses from this cause are no greater than on United States shipments. Investigations in the United States have shown that cattle in transit over 70 hours lose from 5 to 6 per cent. of their weight at loading, when in transit less than 36 hours lose but 3 to 4 per cent.; further, range cattle and fed cattle differ very little in the amount of shrinkage under similar conditions of weather and shipment.

The great distances to be covered in the Western Provinces make the shrinkage factor important there. High freight rates and heavy shrinkage encountered in shipping cattle from Western to Eastern Canada divide the Canadian market into two separate marketing areas in the East and West which are in a measure independent of each other at least as far as minor fluctuations are concerned.

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Freight rates to Toronto are:-

From:	Miles	Per cwt.
Calgary	2259	$ 1.14 1/2
Edmonton	2065	1.14 1/2
Saskatoon	1770	1.12 1/2
Moose Jaw	1630	1.10 1/2
Winnipeg	1232	.85

5. Characteristics of Different Markets.

The proportion of cattle purchased by different types of buyers at the chief markets of the Dominion are an index to the influence which they have in determining prices from the demand side. The Montreal market is considered first as the most Eastern market, and situated as it is at the chief port through which overseas shipments pass, as the most likely market upon which export buying may centre. Store cattle are not dealt in at Montreal to any appreciable extent so that it is necessary to consider butcher cattle only.

Percentage of Total Butcher Cattle Purchased by Different Buyer Classes at Montreal, 1918-1922.

Bought by:-	1918	1919	1920	1921	1922
Packers	92.8	89.9	74.8	41.7	49.2
Local Butchers	----	----	20.0	53.8	44.1
Canadian Buyers	5.5	7.4	4.1	3.7	6.5
Exporters	1.7	2.7	1.1	.8	.1

The first fact revealed by this analysis is that Montreal is not an important export market for the overseas trade. Up to 1921 exports went altogether to the United States, but in 1921 and 1922 the export purchases, already negligible, fell away to a few hundred head, although 33,000 and 18,000 head went to Great Britain in those years. Montreal is not, therefore, the pivotal market of the export trade, and consequently it does not furnish any index of the strength of overseas demand. Shipments originate in the primary markets, and do not

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pass through Montreal as a secondary market. Another interesting feature is the sharp revival of local butcher buying of sufficient strength to cut in half the business done by the packers.

Toronto, as the market for Ontario live stock, and the centre at which approximately 40 per cent. of Canadian abattoir slaughtering is done, next claims attention.

Percentage of Total Sales, Toronto, 1918-1922.

Sold as:-	1918	1919	1920	1921	1922
Butchers	84.3	76.1	83.8	87.1	79.5
Stores	15.7	23.9	16.2	12.9	20.5

The strength of the feeding industry in Ontario is shown in the further division of store cattle sales between Canadian and United States buyers.

Store Cattle Purchases, Toronto, 1918-1922.

Shipped to:-	1918	1919	1920	1921	1922	
Canadian Points	79.1	58.2	94.9	82.9	92.8	Per cent.
United States Points	20.9	41.8	5.1	17.1	7.2	" "

The overwhelming majority of butcher cattle are bought by the abattoirs.

Percentage of Total Butcher Cattle Purchased by Different Buyer Classes At Toronto, 1918-1922.

Bought by:-	1918	1919	1920	1921	1922
Packers	87.3	75.1	83.4	92.4	84.3
Local Butchers	8.0	7.3	8.2	12.1	11.0
Canadian Buyers	2.1	3.0	2.5	1.2	.7
Exporters	2.6	14.6	5.9	4.3	4.0

Winnipeg is chosen as representative of Western markets. There store cattle are a much larger percentage of the total

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and these are chiefly sold in the United States.

Percentage of Total Sales, Winnipeg, 1918-1922.

Sold as:-	1918	1919	1920	1921	1922
Butchers	64.9	55.6	60.2	61.7	53.4
Stores	35.1	44.4	39.8	38.3	46.6

Store Cattle Purchases, Winnipeg, 1918-1922.

Shipped to:-	1918	1919	1920	1921	1922	
Canadian Points:-	56.6	22.7	44.9	34.9	39.7	Per cent.
United States Points:-	43.4	77.3	55.1	65.1	60.3	" "

A smaller percentage of butcher cattle are bought by packers. The remainder are absorbed in larger export sales.

Percentage of Total Butcher Cattle Purchased by Different Buyer Classes at Winnipeg, 1918-1922.

Bought by:-	1918	1919	1920	1921	1922
Packers	71.1	68.4	72.7	75.1	77.6
Local Butchers	12.5	9.4	8.2	10.5	6.4
Canadian Buyers	5.5	4.8	11.3	8.4	3.3
Exporters	15.9	18.4	7.8	6.0	12.7

Note: Tables in this section compiled from Live Stock and Animal Products Statistics, 1909-1919; 1920; 1921 , and Annual Review of Live Stock Markets, 1922.

6. Requirements of Canadian Market.

(1) The preference of the Canadian consumer is for meat from handyweight steers of 700 to 1,000 pounds about eighteen months old. The causes of this demand are that the modern family is smaller than in former generations, so that the smaller cuts of meat obtained from this class of cattle are more convenient and economical for the modern housewife; again,

(1) Ind. & Dev. Council of Can. Meat Packers, Mr.B.H.Todd.

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many families now live in apartment houses where they cannot keep larger supplies of meat on hand, and, therefore, buy no more than will suffice for one meal.

The proportion of steers of this type to total Canadian marketings was:-

Year	1918	1919	1920	1921	1922 (2)
Percentage	14.88	12.28	14.63	17.34	9.54

The decrease in the 1922 percentage was not due to any change in demand, but to the peculiar situation created by the liquidation of much old and heavy stock which had been held back from market in 1921 in hopes of better prices and the heavy sales of unfinished stock forced by the dry summer and scarcity of feed in some parts of the West.

(3) Annual Average Prices, Toronto, 1919-1922.

Year	1919	1920	1921	1922	
Steers, 1,000-1200 lbs.	$ 13.06	12.89	7.58	7.36	Per cwt.
" 700-1000 "	12.39	12.27	7.24	6.98	" "

The favour shown the heavier class is due to their higher dressing percentage when slaughtered. (4) Eight steers averaging 1130 pounds of which special record was made by a Toronto abattoir dressed out 50.61 per cent. in the carcase, and eight others averaging 836 pounds dressed out to 45.89 per cent. The average price per pound realized on the meat from the heavy steers was 16.52 cents, on the handyweights 17.35 cents.

From the producers standpoint this demand has several disadvantages. Although he does not have to carry his cattle

(2) Annual Review of Live Stock Markets , 1922; p.52
(3) Ibid., p. 28.
(4) Records supplied by Ind. & Dev. Council of Can. Meat Packers.

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as long before they are ready for the market, he does not obtain quite as high a price per pound for them, and he sells a smaller animal. To get a type capable of acquiring a good finish at an early age requires special breeding and handling. A man producing handyweight cattle for the Canadian market is excluded from competing in the overseas market, and does not find as favourable a market in the United States as he would for the heavier animal.

On the other hand the farmer who is raising heavy stock will find that the domestic outlet for this class is narrow, and any interruption of the export traffic will make his cattle hard to market and reduce their value. This condition developed in 1921, and was alleviated only by the shipment of heavy cattle to the British market.

(5) "On the whole the British trade greatly assisted the producers of heavy cattle. There is only a limited demand among the packers for that class, and with the American markets closed it is safe to say that without the British market the heaviest would have sold below the handyweight butchers."

(5) Live Stock Market Situation, Toronto Market Report, 1921. Dom. L.S. Branch.

CHAPTER X

PRICE DETERMINATION

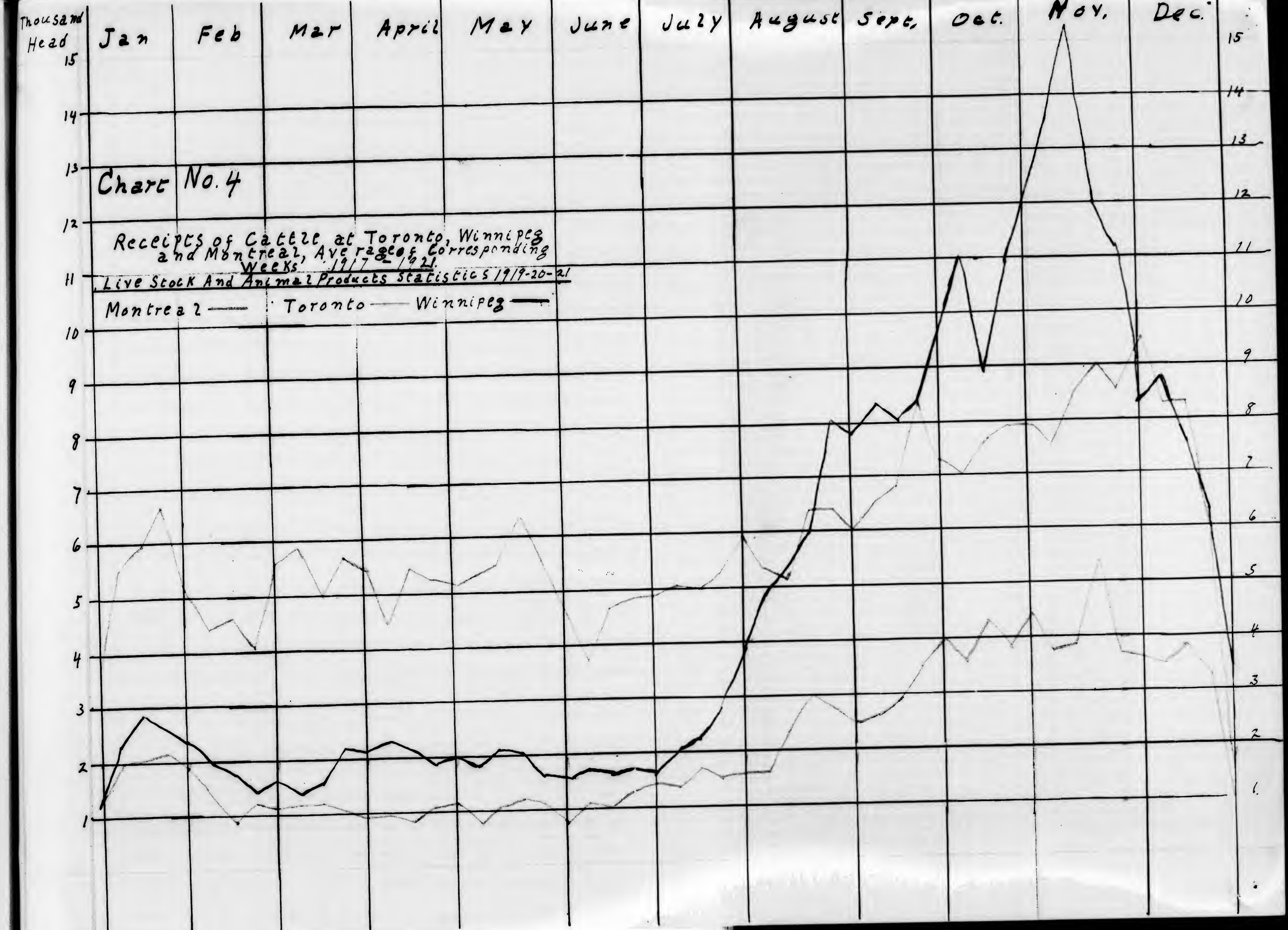
1. The Nature of Supply and Demand
2. Short Term Fluctuations
3. Seasonal Fluctuations
4. The Influence of the British Market
5. The Influence of the United States Market
6. Influence of Canadian Buyers.

Chart No. 4

Receipts of Cattle at Toronto, Winnipeg and Montreal, Average of Corresponding Weeks 1917-1921.

Live Stock And Animal Products statistics 1919-20-21

Montreal —— Toronto —— Winnipeg ——



the situation in which shippers are placed. Supplies are forwarded from widely separated points by a great

1. The Nature of Supply and Demand.

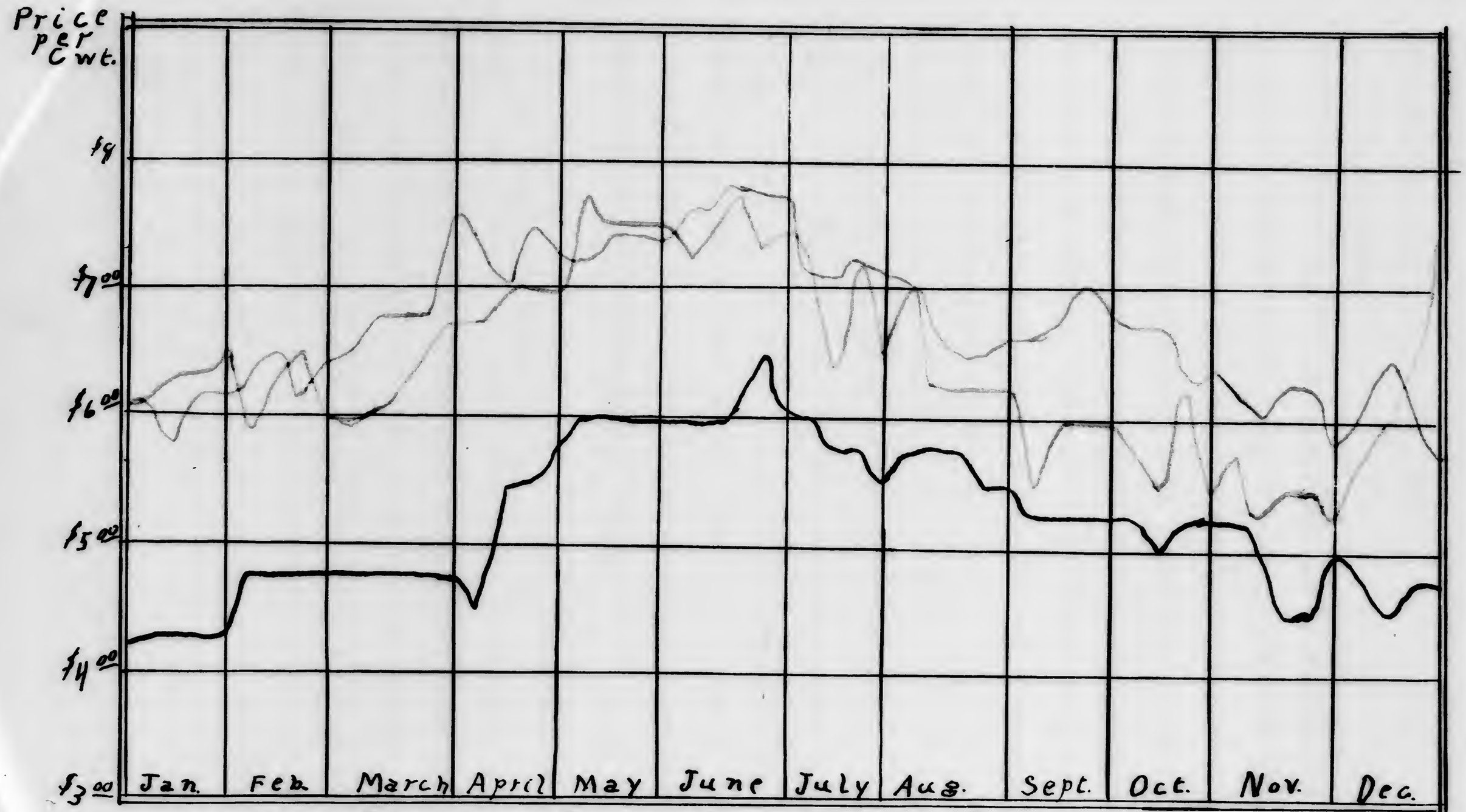
The live stock markets have to dispose each week of the supplies which are forwarded to them. The expenses attendant on maintaining cattle at a stockyards awaiting a more favourable price are large enough to preclude such action save in extraordinary circumstances. In general cattle once shipped to market are moved with the least possible delay to slaughter. At the abattoir the meat can be held for a few days only and must then be placed on the market. Due to the character of the commodity there is no stage in the marketing process where supplies can be held for more than very brief periods.

The demand for meat is constant rather than elastic. At the present time it is considered a necessary food by most economic classes. The consumer is willing to pay more for his meat within limits rather than curtail his purchases. It follows that he will only be induced to increase his consumption by marked reductions in price. These conditions lead to the expectation that the volume of supplies on hand at any given moment will be the dominant factor in determining the price that is to prevail.

2. Short Term Fluctuations.

The first four days of each week are the chief marketing days at stockyards, and it is the custom to look on each week as a distinct marketing period in calculating supply and prices. Total supplies vary sharply from week to week. The irregularity is attributable to the situation in which shippers are placed. Supplies are forwarded from widely separated points by a great

Chart No. 5



Weekly Average Price, Best Butcher Steers, 1910

Montreal —— Toronto —— Winnipeg ——

From Sessional Papers. Vol XLVI No. 9, S.P. No. 15c p. 62.

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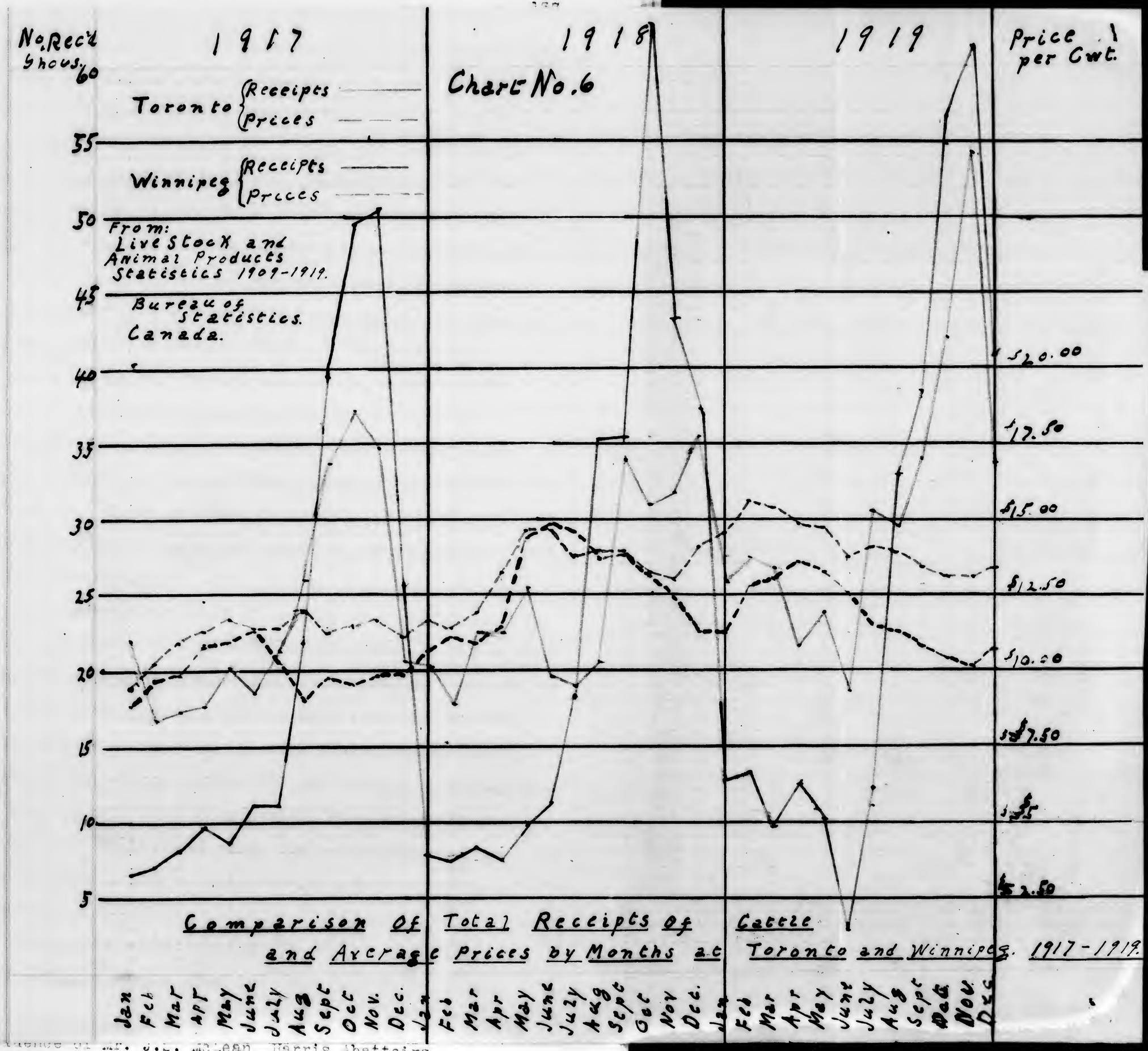
number of sellers who have no knowledge who have no knowledge of one anothers' intentions and no certain method of forecasting the amount which will be put on the market at the time their shipments arrive.

The accompanying chart showing averaged total sales for corresponding weeks over a five year period indicates a certain regularity in these fluctuations year after year, and suggests that, although acting independently, shippers are influenced by some common reasoning or impulse. When supplies are short one week and prices are advanced thereby, shippers rush forward their stock thinking to gain the higher price, but the increased supplies overcrowd the market and reduce prices, inducing shippers to withhold supplies the following week, which again advances the price. The chart of weekly average prices for 1910 illustrates the resulting minor fluctuations from week to week. The disadvantages which fall upon the producer are plain. The higher prices are paid for small quantities; inferior returns are obtained from the larger marketings of cattle.

3. Seasonal Fluctuations.

The supply chart inserted above shows that the heaviest marketings take place in the period between the last weeks in August and the early part of December. The reasons for this seasonal irregularity are to be discovered in the nature of the market and the methods of cattle production in operation in Canada. When cattle have acquired sufficient finish to be marketable, it is in the producer's interest to sell them

Chart No. 6



Comparison Rec'ts & Prices at Toronto & Winnipeg 1917-1919.

6 months { Receipts / Price

6 months { Receipts / Price

Evidence of Mr. J.E. McLean, Harris Abattoirs.

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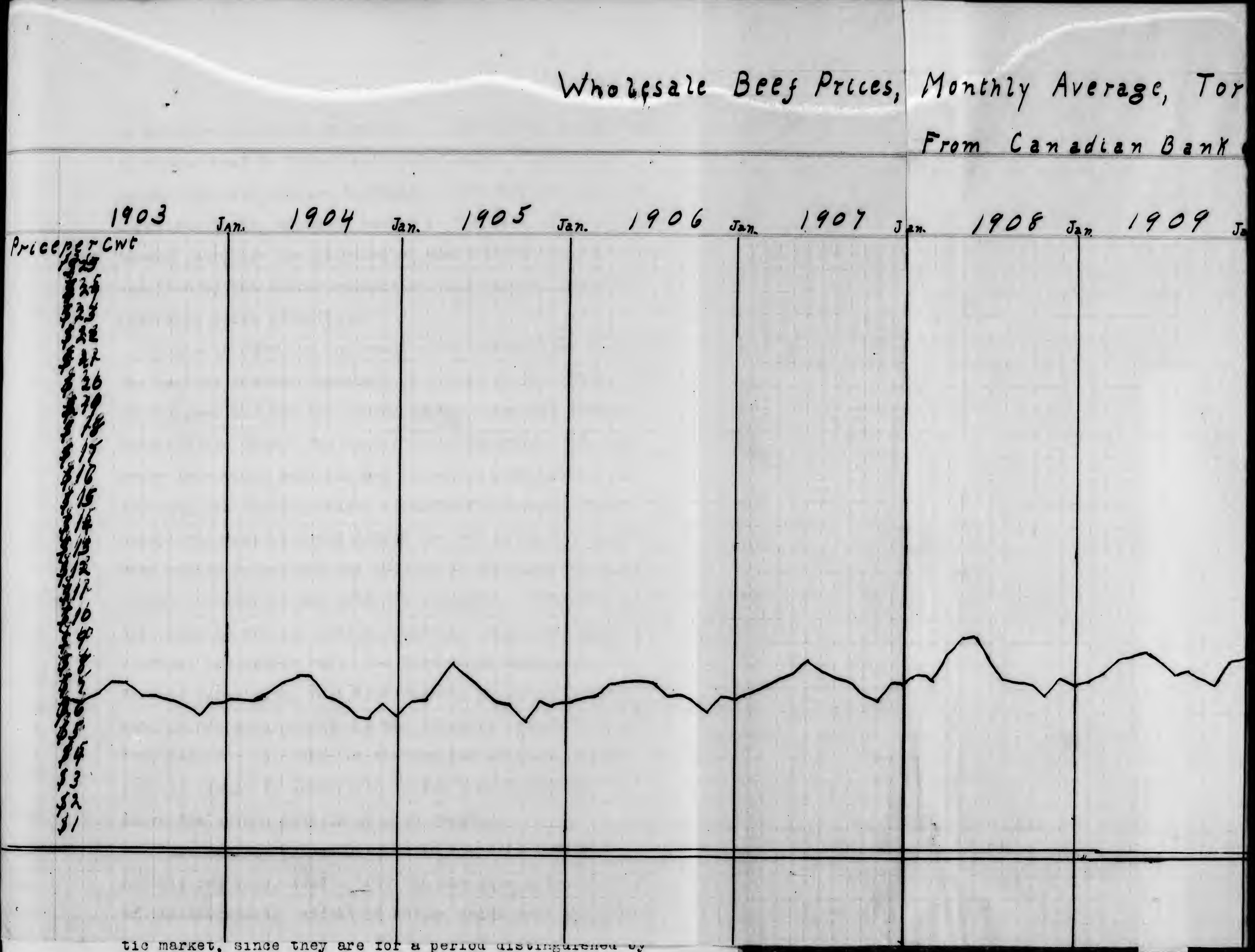
as soon as possible. The longer they are kept on the farm the greater becomes their production cost, the more so in the fall and winter months when cattle must be brought in from pasture, fed on grain and forage, and tended in the barn or feed lot, consuming more expensive feed and requiring a greater expenditure of labour. Most Canadian cattle are finished on grass especially in the West, and the farmer, when the summer pasture is done, is anxious to rid himself of his marketable stock rather than undertake the expense of winter feeding. Fall marketings are augmented as well by the sale of many rough and unfinished cattle which farmers either do not consider worth the expense of winter feeding, or for which they have not sufficient feed on hand to carry them through the winter. These considerations bring about the sale of 70 per cent. of the annual Canadian Marketings in the three autumn months each year.(1)

The accompanying chart of monthly stockyards receipts and average prices demonstrates this phenomenon, and affords a comparison between Ontario and Western Canada. In Ontario where the cattle industry employs more intensive methods of production, depending more on grain finishing and winter fattening, the autumn marketings are smaller in actual numbers and, in proportion to marketings throughout the year, far less than at Winnipeg where the cattle marketed are raised by more primitive methods with greater dependence on pasturage.

These large marketings must be passed on to the consuming public in fresh meat form unless some diversion

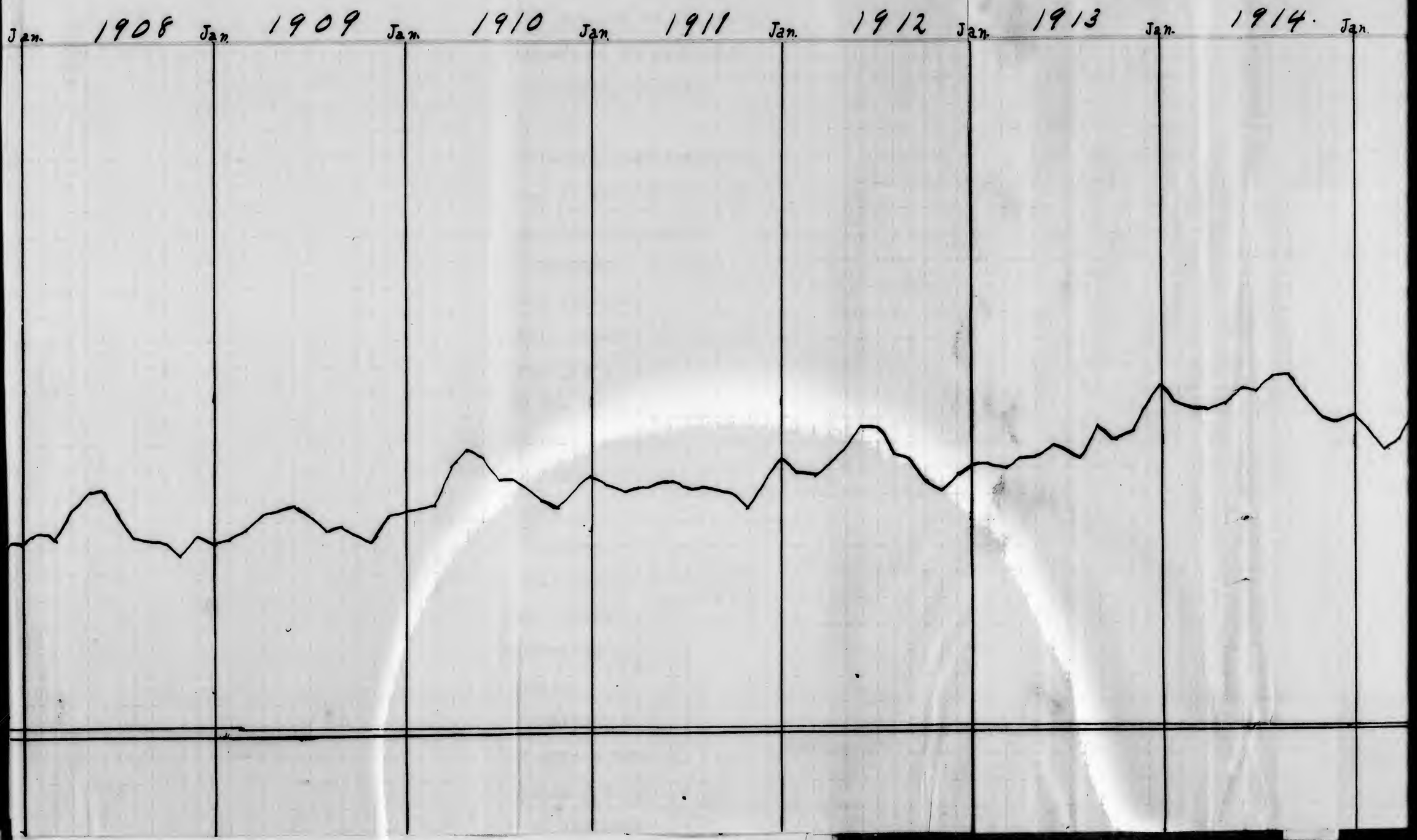
(1) Spec. Committee on Agric.Cond., 1923; p.263
Evidence of Mr. J.J. McLean, Harris Abattoirs.



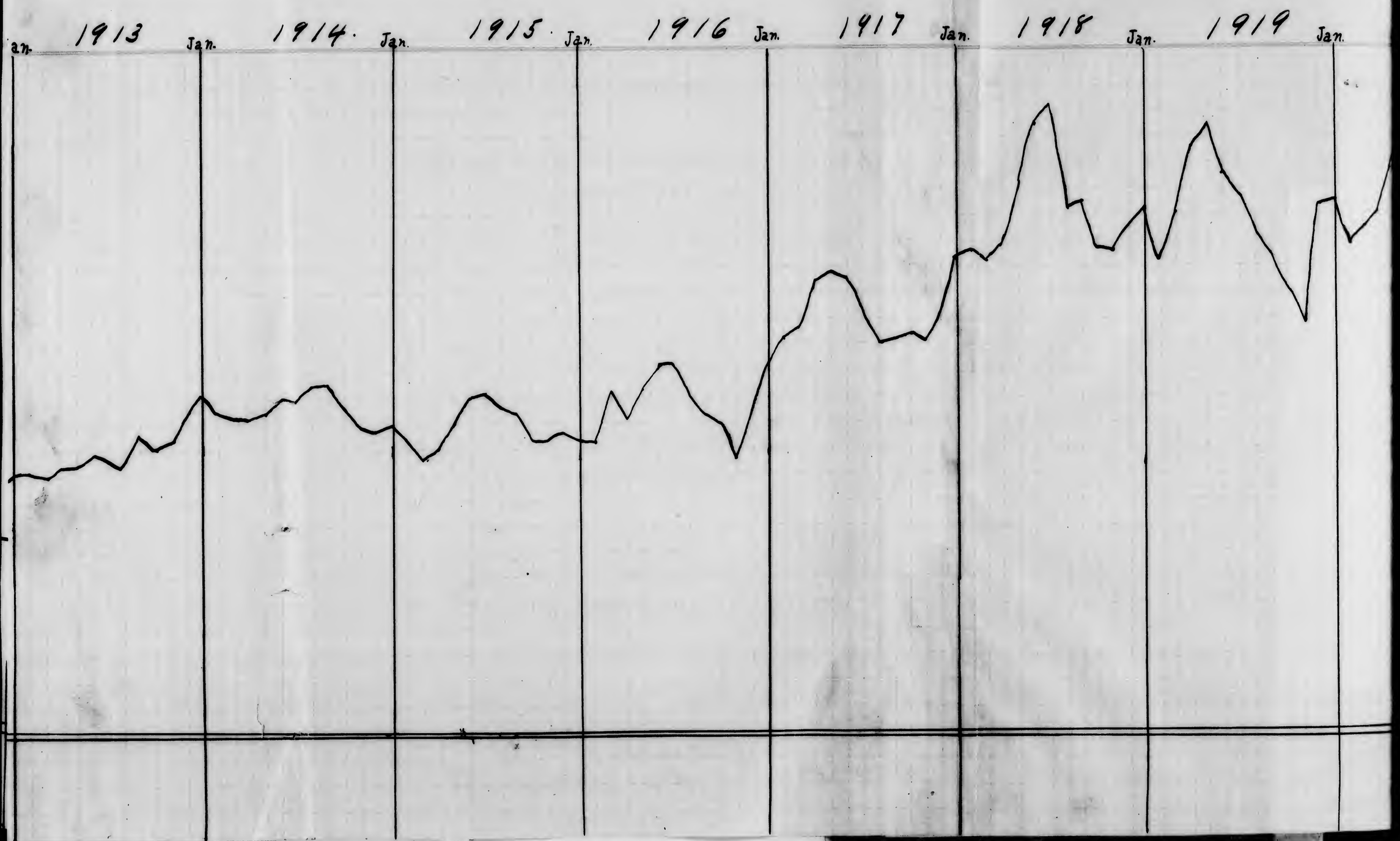
tic market, since they are for a period distinguished by rising prices, free access to United States markets, and heavy exports of frozen meats. Further the prices charted

, Monthly Average, Toronto, 1903 – 1922.

From Canadian Bank of Commerce Year Book, 1922.

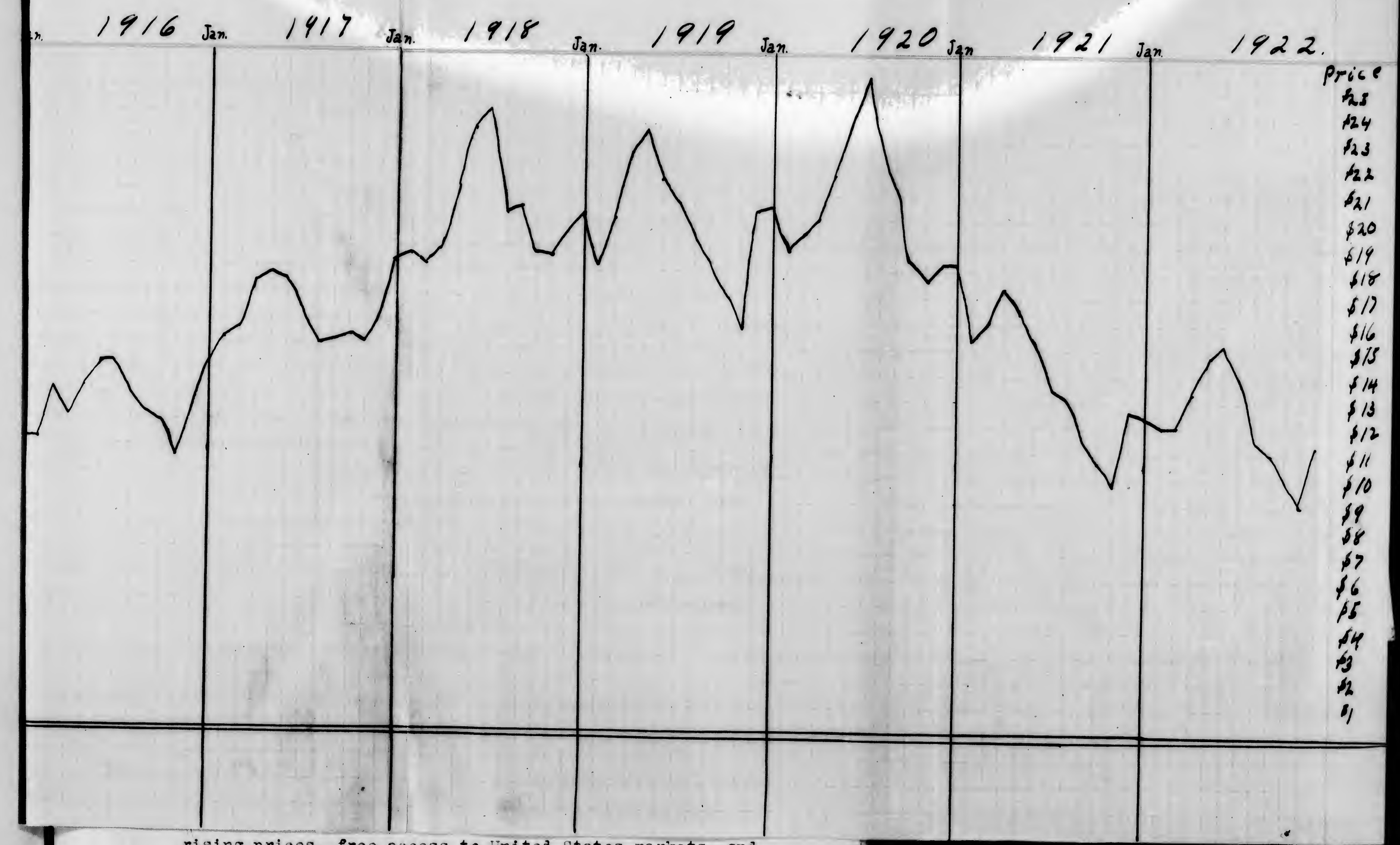


rising prices, free access to United States markets, and heavy exports of frozen meats. Further the prices charted



rising prices, free access to United States markets, and heavy exports of frozen meats. Further the prices charted

Chart No. 7



rising prices, free access to United States markets, and heavy exports of frozen meats. Further the prices charted

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is effected by export shipments. Except for small sales of frozen beef to lumber and mining camps, there is no market for that article in Canada. The disposal of large surpluses in the domestic market in the face of an inelastic demand, save for the stimulation administered to meat consumption by the cooler weather at this season, involves extensive price reductions.

This is shown in the chart of wholesale beef prices in the regular downward movement of prices in the latter half of the year through the summer months, when hot weather curtails the demand for meats, until December. In December decreasing supplies and increased consumption induced by the holiday season consistently reverse the trend. Exceptions must be noted during the war years and in 1913 when rising prices and the opening of the American market offset or reversed the seasonal tendency. Reference to the chart of average cattle prices(2) shows how these reductions are passed on to the live stock markets. It further reveals the fact that Toronto prices, where marketings are more stable and the domestic outlet is wider, fluctuate far less than at the smaller Montreal market, and are stable in comparison to the Winnipeg market where the autumn glut is so much greater.

The average prices charted in comparison with monthly receipts, 1917 - 1919, do not give a true picture of the depressing effect of autumn sales upon the domestic market, since they are for a period distinguished by rising prices, free access to United States markets, and heavy exports of frozen meats. Further the prices charted

(2) Chart No. 1

for good 1000 to 1200 pound steers on both graphs do not show the effect of heavy marketings upon the classes of cattle which come upon the market in the largest quantities, namely, the "common" and unfinished grades. Monthly average prices are not available for these classes, but that they are depressed to a greater extent than the better quality offerings is indicated by comparing the annual price range for different grades.(3)In 1922 the price range at Toronto for good 1000 - 1200 pound steers was from $4.75 to $ 9.50 per hundredweight, for common grades of the same weight from $3.00 to $ 8.50, and for common steers, 700 to 1000, from $2.35 to $ 8.50. At Winnipeg price ranges for the same classes were, $3.75 to $9.00, $2.25 to $6.25.

Climatic conditions which force the sale of great numbers of cattle within a short period , and badly organized production methods leading to the marketing of rough and unfinished stock at the same time are to be held responsible for the low returns received by Canadian farmers for the majority of their stock. It remains to be discovered what effect export markets can have in alleviating this difficulty.

4. The Influence of the British Market.

It has already been shown that only comparatively small quantities of the best grades of cattle can be moved to Great Britain on account of the requirements of the market and the available ocean transportation facilities. It is clear therefore that overseas exports can directly affect prices of the highest grade cattle only. The net return on Canadian

(3) Annual Review of Live Stock Markets, 1922; pp. 28, 37.

store cattle at prevailing prices in Great Britain was calculated by the Dominion Live Stock Branch to be $6.75 to $7.00 per hundredweight at Toronto compared with $5.75 to $7.00 for identical grades at the same time on the local market. At Winnipeg the net returns would be from $6.00 to $6.25 for a grade of cattle between those quoted as best butchers at $5.50 to $6.00 and best Western feeders selling on the local market between $3.50 and $5.00. The conclusion was that under favourable circumstances as to shipment and sale overseas exports will show a small margin of profit over prevailing prices at Canadian stockyards.(1)

It is fair to assume that these exports if made by organizations in close touch with market conditions will help to steady Canadian prices in respect of week to week fluctuations on export quality stock by absorbing small surpluses which develop in the weeks of heavier marketings. Indirectly by relieving the markets of these cattle they may improve the prices of other grades, but this only to a minor extent since the preference of the Canadian consumer for the handyweight class gives them an advantage in the local market, and makes their price movements in a sense independent of the heavier grades.

It is evident that the overseas exports will not be of sufficient volume to be of any practical value in counteracting the seasonal overcrowding of domestic markets. Further they do not influence the inferior grades which compose the main bulk of autumn sales.

It may even be doubted whether, in view of the upward trend of prices on United States markets in the latter half

(1) Spec. Committee on Agric. Cond., pp. 38 - 40.
Evidence of Mr.H.S. Arkell.

of 1922, (2) overseas exports will continue to go forward in sufficient quantity to constitute an element in price determination, if United States advances are reflected in Canadian markets. It is certain that such exports could not continue , unless British markets advance and transportation costs are cut sharply, if the United States market were to be thrown open again as the tariff is estimated to have taken 30 per cent. from the value of Canadian cattle. (3)

5. The Influence of The United States Market.

Chart No. 1 has been arranged to show the relation between United States and Canadian prices. Ignoring irregularities over short periods it is seen that prices at Toronto and Montreal were in general accord with Chicago prices with a small margin in favour of the latter between 1914 and 1921 under free entry. Winnipeg prices followed the same direction at a lower level. Before 1914, however, and in the latter part of 1921 and 1922 there was a wide spread between the United States and Canadian levels while United States tariffs were in force against our cattle. It is unecessary to rehearse the goegraphic relations and comparative size of the two markets, or the need of a market for the surplus which Canada can produce, subjects which have been treated above. In view of the easy access which Canadian cattle have to the immensely wider market south of the border these price phenomena lead to the conclusion that the United States market, in which Chicago is considered the

(2) Chart No.1
(3) Live Stock Market Situation,1921. Dom. L.S. Branch.

base, governs the general level of prices in Canada subject to contemporary United States Tariif legislation.

As must be expected in a market dealing in so much larger volumes of stock raised in more varied climates and by many different methods of production, Chicago prices are subject to much less violent fluctuations than Canadian, and in particular Winnipeg, prices. For this reason and because all grades of cattle can be sold there at a marketing cost that does not absorb too great a proportion of the return, exports to the United States ease the pressure of heavy offerings on our autumn markets and act as a check on falling prices during that period.

It follows that anything which impedes the movement of stock across the border lowers the value of our surplus product and consequently lowers the Canadian price level, more particularly during the season of heaviest marketing when the weight of the surplus is most strongly felt. The sharp breaks in Canadian prices in the fall of 1921 and of 1922 demonstrate the effect of the tariff on our markets when large surpluses had to be moved to United States markets at prices low enough to overcome the tariff barrier. The quick recovery of prices in the first months of 1922 on Canadian markets indicates that export movements are a less important factor in price determination at this time of the year.

6. Influence of Canadian Buyers .

Canadian packers are the chief domestic buyers of butcher stock and take so large a proportion of the marketings

at Toronto and Winnipeg that they may be said to control those markets as far as domestic demand is concerned. Their minimum prices are fixed, however, by the level at which cattle can be moved to foreign markets especially to the United States. The packers are therefore a secondary factor in determining price levels.

There is a general impression that the packing-house interests are in combination, but this is consistently denied by representatives of such firms. No grounds have been discovered to support the public belief, and it is proposed to treat of them on the supposition that their activities are not controlled by any agreement of a formal nature. The nature of their operations conduce to give them a bargaining advantage over the ordinary seller. Purchasing is confined to a few firms concentrated at the central markets. Different firms are thus in a position to know with a fair degree of accuracy the capacities and activities of their competitors. They are continuously engaged in purchasing, handling, and distributing their materials. This gives them a superiority in business experience and detailed knowledge of live stock markets and the consumers' demands and requirements over the country producer or live stock dealer who comes into personal contact with the markets intermittently, often only two or three times in the year. The packers are then in a better position to adapt their buying policy to the changing situations of the trade and to interpret and forecast market movements with greater accuracy than is the seller.

The packers frequently assert that their interests in general are identical with the interests of the cattle industry. While there is no reason to doubt the validity

of these

of these statements in a general sense, it cannot be conceded that the interests of the individual packing company and the individual farmer co-incide in their relations as buyer and seller. The latter is seeking a price which will provide an adequate return on a product which requires from two to three years to bring to maturity, in which time his production costs may vary greatly in response to causes, economic or climatic, beyond his control. He feels the need of a stable market upon which he can rely since his production conditions cannot be foreseen. The packer finds his chief interest in maintaining a large and rapid turn-over in order to obtain the greatest return on his investment.(1) The price level matters little to him as long as he can foresee the direction of the market over the very short period in which the product remains on his hands. Indeed, falling prices as long as they result in increased meat consumption are a boon to the packer since they enable him to increase his turn-over. The more difficult calculations of the producer, based on less accurate marketing knowledge, frequently are completely upset by changes in the market.

(1) Spec. Committee on Agric. Conditions, 1923, p.274.

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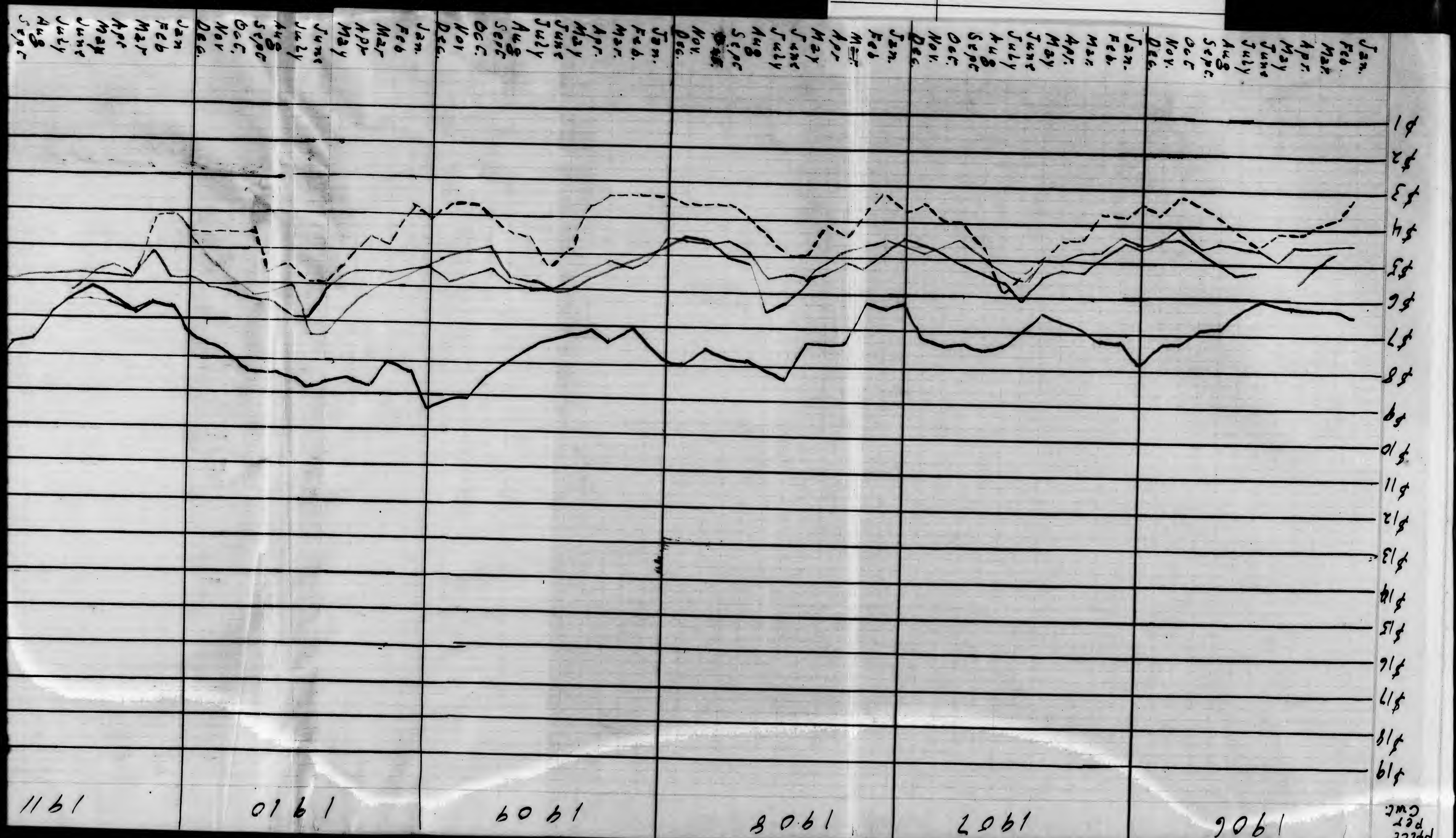
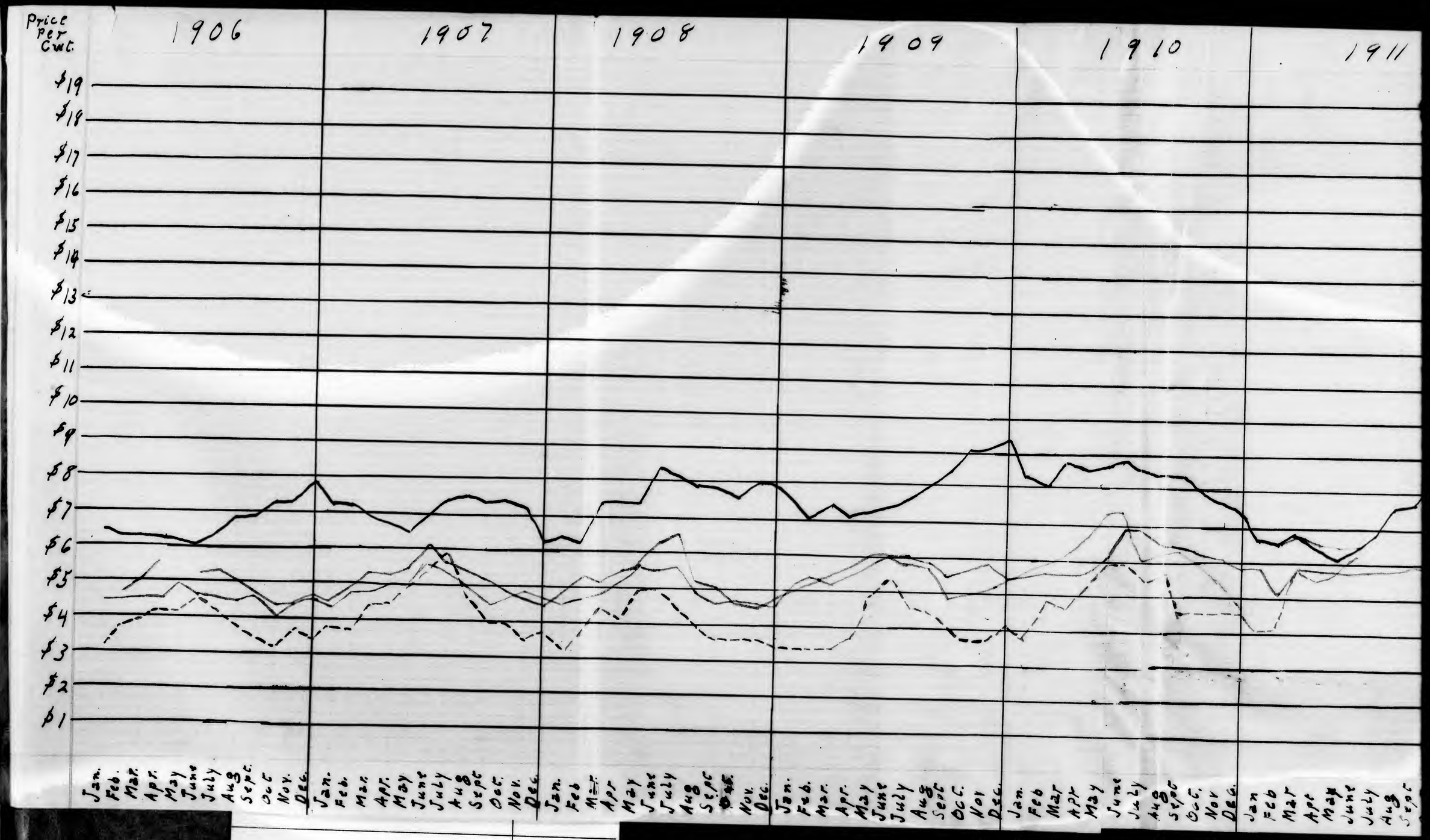
DATE	NAME OF BORROWER
June 16/63	Gaughbarlow





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Abbott, H.J.E.- The marketing of livestock in
Canada.
NAME OF BORROWER
DATE
June 16/63

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P Toronto, University of
Univ Thesis, M.A., 1923
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DATE	NAME OF BORROWER
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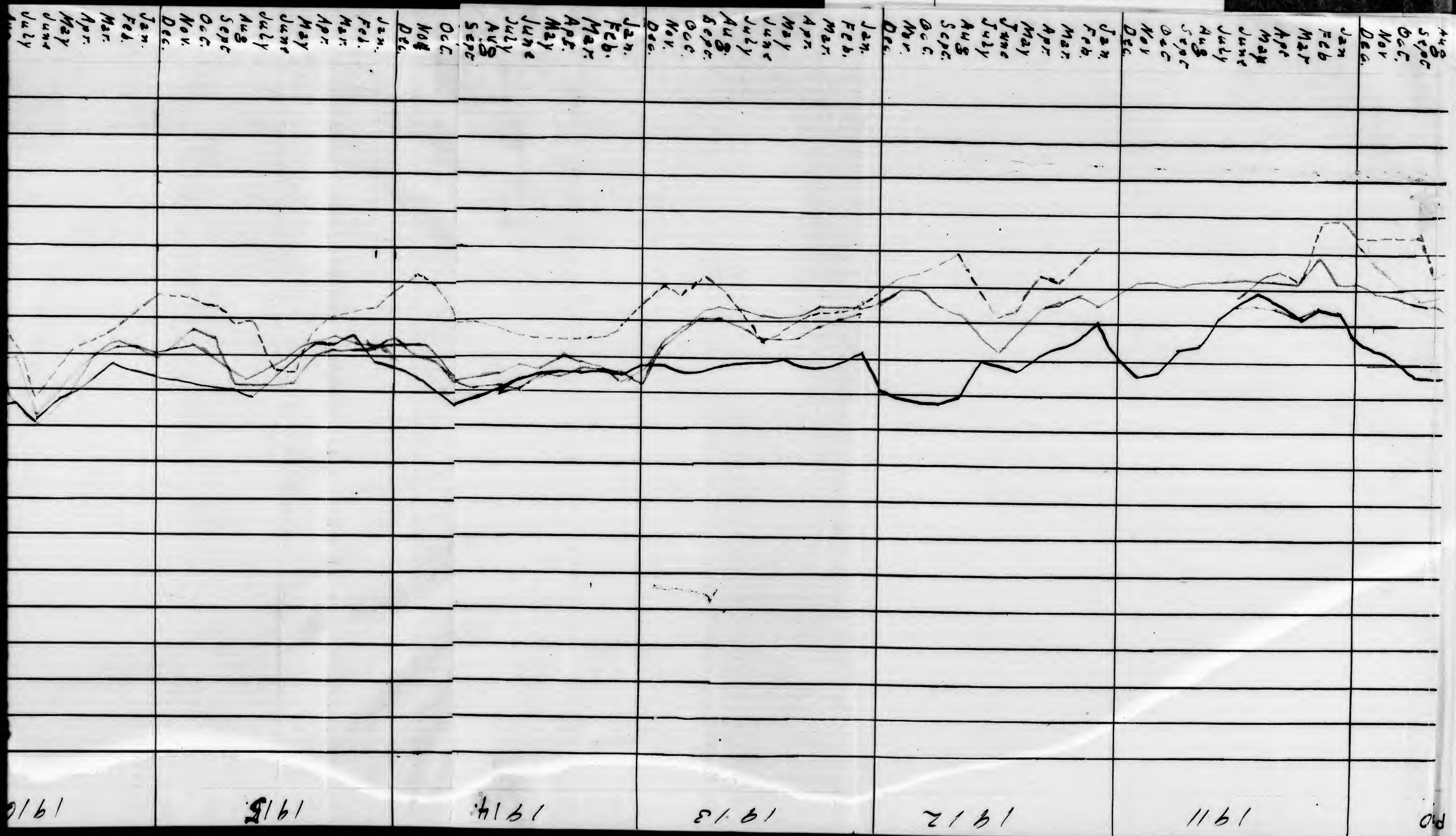

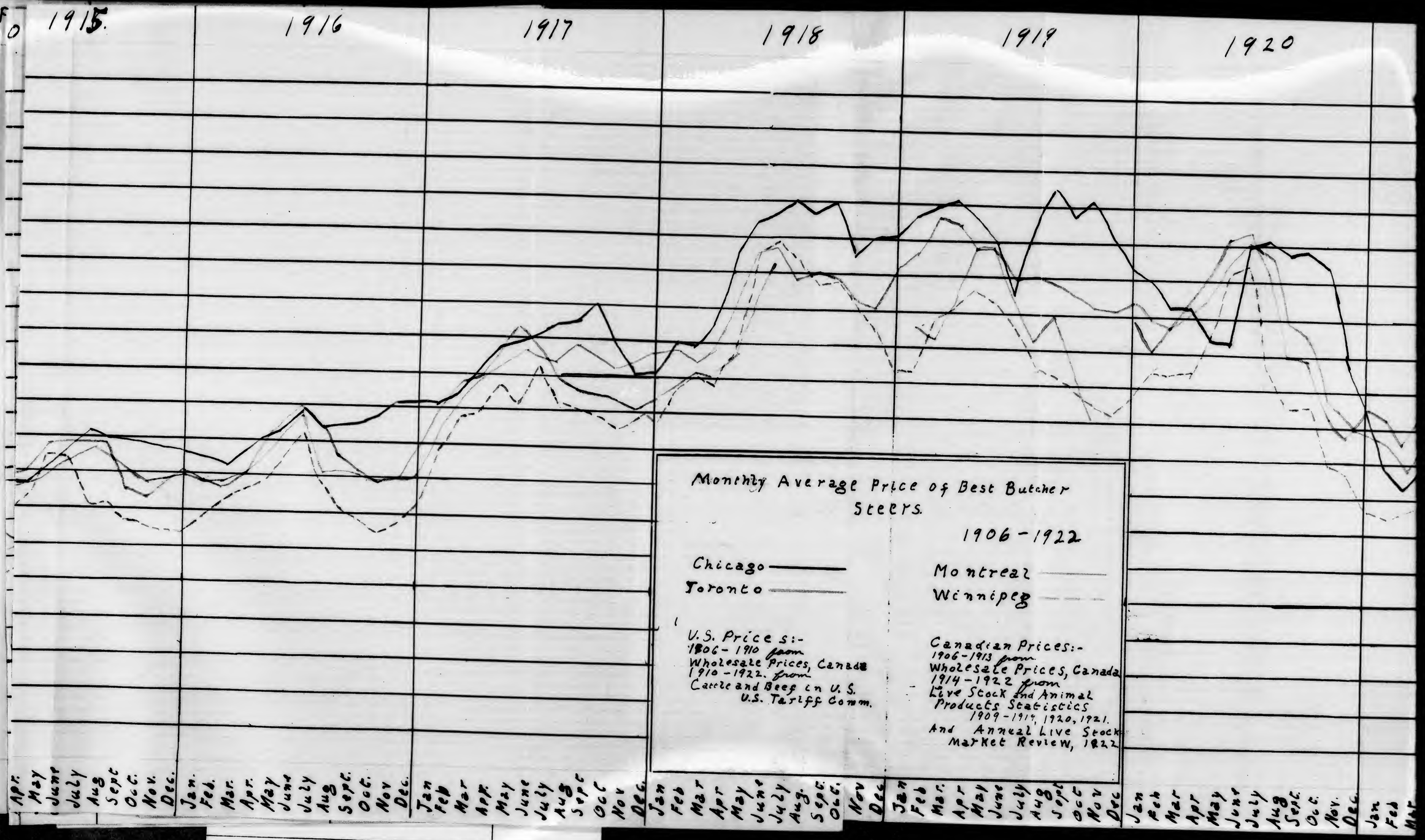
1915
1916
1917
1918
1919
1920
Apr. May June July Aug Sept Oct. Nov. Dec.
Jan. Feb. Mar. Apr. May June July Aug Sept. Oct. Nov Dec.
Jan Feb Mar Apr. May June July Aug Sept Oct Nov Dec.
Jan Feb Mar Apr May June July Aug. Sept. Oct. Nov Dec.
Jan Feb Mar. Apr May June July Aug Sept Oct Nov Dec
Jan Feb Mar Apr May June July Aug Sept. Oct. Nov. Dec.
Jan Feb Mar

Monthly Average Price of Best Butcher Steers.

1906 - 1922

Chicago ——

Toronto ——

Montreal ——

Winnipeg - - -

U.S. Prices:-
1906 - 1910 from Wholesale Prices, Canada
1910 - 1922. from Cattle and Beef in U.S.
U.S. Tariff Comm.

Canadian Prices:-
1906 - 1913 from Wholesale Prices, Canada
1914 - 1922 from Live Stock and Animal Products Statistics 1909 - 1919, 1920, 1921.
And Annual Live Stock Market Review, 1922

DATE	NAME OF BORROWER
June 16/23	Evangeline Gardiner

no access.

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Thesis, M.A., 1923
Abbott, H.J.M. - The marketing of livestock in Canada.

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Univ Thesis, M.A., 1923
T Abbott, H.J.E.- The marketing of livestock in Canada.

DATE	NAME OF BORROWER
June 16/63	Gaughbarlson

Chart No. 1

Price per Cwt.

$19 $18 $17 $16 $15 $14 $13 $12 $11 $10 $9 $8 $7 $6 $5 $4 $3 $2 $1

1922 1921 1920 19

Jan. Dec. Nov. Oct. Sept. Aug July June May Apr Mar Feb Jan

Jan Feb Mar Apr May June July Aug Sept. Oct Nov. Dec.

Jan Feb Mar Apr May June July Aug Sept. Oct. Nov Dec.

Jan Feb Mar Apr May June July Aug Sept. Oct Nov Dec

Apr. Aug Sept Oct Nov Dec

Prices:-
Canada
Animal
Statistics
1920, 1921.
Live Stock
Yearbook, 1822

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